

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

**Interim Report and Condensed Interim Financial Statements
for the period 1 July 2019 to 31 December 2019**

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

**INTERIM REPORT AND CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

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VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CHAIRMAN'S STATEMENT

Dear Shareholder,

As you will read in the Investment Manager's report, which starts on page 4, the six-month period ended 31 December 2019 was rather quiet in terms of return, both for VinaCapital Vietnam Opportunity Fund Limited (the "Company", "VOF" or "Fund") and for the Vietnamese market. Despite this apparent calm, the Vietnamese economy had been performing very strongly until the arrival of the COVID-19 pandemic. Although the underlying fundamentals of the economy are excellent, the impact of the virus in the short and medium term render any forecasting moot, both regionally and globally.

During the period, the USD NAV¹ in total return terms declined by 2.3% whereas the Vietnamese index rose by 1.7%. The share price rose by 2.5% in USD terms reflecting a narrowing of the discount to NAV over the period from 16.0% to 11.9%. Because of the recovery of the sterling exchange rate over this half year, the sterling returns were somewhat lower.

The Company repurchased 1,597,500 shares, equivalent to USD6.9 million, over the six months, at an average discount of 15.5%, adding 4 cents to the USD NAV per share. The Board remains committed to controlling the discount and aims to see it narrow further over time. The extraordinary circumstances in markets have seen the discount widen sharply in recent weeks. Although the buyback remains a helpful tool, with the volatility in stock markets at the moment, it has much the same effect as King Canute trying to hold back the tide. Over recent years, a number of measures have been taken to improve the rating and to broaden the shareholder base, and these have been somewhat successful, although there is still work to be done. Our current focus in this field is two pronged: the first is to continue with the buyback programme as needed; the second is to continue to sharpen our communication strategy and to address a broader audience. We recognise that narrowing any discount is a long game and requires commitment from both the Board and the Investment Manager.

When the Board first declared a dividend, it was the intention that the Company would pay a dividend representing approximately 1% of NAV twice each year. At that time this corresponded to a dividend of 5.5 cents per share in respect of each half year. Although the NAV has fallen since that time, the Board has continuing confidence in the future of the Company and intends to maintain a dividend of 5.5 cents for each half year. The Board has today declared a dividend of 5.5 cents per share, payable to shareholders on or around 1 May 2020.

One area where we think there might be some confusion in the minds of some shareholders is our explanation of exactly what VOF's investment strategy entails, and I wanted to set this out in the hope of offering some clarification:

1. The Vietnamese market in quoted companies remains immature, with a small number of actively traded stocks, many of which practice what your Investment Manager believes is sub-standard corporate governance, in particular with regard to minority rights. There is limited exposure to rapidly growing domestic consumption opportunities outside the real estate sector;
2. For these reasons, your Investment Manager pursues an active strategy that looks at opportunities across both public and private markets, taking advantage of opportunities in interesting sectors wherever they can be found;
3. When considering an investment, the mindset of the Investment Manager is that of a private equity investor. Where possible, minority rights are secured, often with downside protection built into the structuring of transactions. Where a listed company is held, the Investment Manager will engage with corporate management on strategic issues, including ESG, and will frequently be involved in introducing expertise in particular areas to those investments;
4. All positions are held with an expectation of high returns, and the Investment Manager is actively engaged in negotiating exits, both in the listed and private equity positions. In listed markets, negotiated exits are often above the quoted market prices; and

¹ The NAV for 30 June 2019 includes adjustments to the share prices of some investments in order to adjust for pricing anomalies identified by the Board. Please refer to the Glossary section of the 30 June 2019 annual report for a complete explanation.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CHAIRMAN'S STATEMENT (continued)

5. The VN Index, in the Investment Manager's view, is excessively concentrated and does not fully represent the best of what Vietnam has to offer investors. It is therefore appropriate to pursue a benchmark agnostic approach which focuses instead on the underlying fundamentals of each company.

Putting this together, I hope it is clear why VOF's portfolio will not look like the index, or indeed other investment companies which focus mainly on the listed markets. Instead, it offers exposure to what the Board and the Investment Manager believe are the most interesting and sustainable long-term growth opportunities in the Vietnamese economy. Digging these out and conducting proper due diligence is both resource intensive and time consuming. Sometimes that can give the impression that our strategy is a slow burner. It is. I want to underline the fact, though, that we would rather not make an investment even where it has involved considerable work if we cannot be confident that our return expectations can be met. The graveyard of prospects which have failed at the last hurdle is well populated.

A well-resourced Investment Committee (the "IC") considers these opportunities. Julian Healy, one of VOF's independent directors, sits on the IC with observer status. He has long experience in private equity investment in frontier markets and I believe that shareholders benefit from his involvement.

In the portfolio, of course, are listed holdings which have been there for some time, many of which originated through a 'negotiated' route. In these cases, the Investment Manager either believes there is outstanding earnings growth available or is otherwise engaged with the Company to improve corporate performance. In the absence of either of these factors, the Investment Manager will look for opportunities to sell positions over time, a process which often involves negotiated sales.

With the current uncertainty and in the midst of a global health crisis which will have a severe effect on the global economy, it is hard to comment sensibly on the outlook, particularly for the short term. I do believe, though, that conditions will normalise again in a timescale which should encourage long term investors to look through the fog. The longer term prospects for the Vietnamese economy and market are set out in the Investment Manager's report. I would only add that the country remains one of the most exciting growth opportunities available to investors, albeit tempered with its own questions over governance, all of which point to an approach such as that embraced by VOF.

I am pleased to report that all resolutions at last year's AGM, which was held in Guernsey on 5 December 2019, were passed by a large majority of those voting. The Board would like to thank shareholders for their continuing support, which we believe will be rewarded by investment returns over the coming years.



Steven Bates

Chairman

VinaCapital Vietnam Opportunity Fund Limited

26 March 2020

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

INVESTMENT MANAGER'S INTERIM REPORT

Over the six-month period ending 31 December 2019, the USD NAV of the Company declined by 2.3% on a per share total return basis, while the share price increased by 2.5%.

In sterling (GBP) total return terms, the NAV declined by 6.0% while the share price declined by 1.5%, in part due to the strengthening of the GBP over the period.

The share price discount to NAV contracted over the reporting period and as at 31 December 2019 was 11.9%, compared to 16.0% as at 30 June 2019.

Total return over previous 6 months (%)	31 December 2018		30 June 2019 ³		31 December 2019	
	USD	GBP	USD	GBP	USD	GBP
VOF NAV total return ¹	(4.5)%	(0.5)%	0.7%	0.3%	(2.3)%	(6.0)%
VOF share price total return	(1.5)%	2.5%	2.4%	2.1%	2.5%	(1.5)%
VN Index return ²	(8.0)%	(4.5)%	5.9%	5.9%	1.7%	(2.6)%

Source: VinaCapital, Bloomberg

Notes:

1. The NAV total return is defined as 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.
2. The Vietnam Index total return, for each stock in the index it is assumed that dividends are reinvested on ex-dividend date at the prevailing share price.
3. The NAV for 30 June 2019 includes adjustments to the share prices of some investments in order to adjust for pricing anomalies identified by the Board. Please refer to the Glossary section of the 30 June 2019 annual report for a complete explanation.

	31 December 2019	30 June 2019 ³
USD terms		
NAV (USD million)	925.41	955.25
NAV / share	5.05	5.17
Share price ¹	4.45	4.34
Change in NAV per share ²	(2.3)%	
GBP terms		
NAV (GBP million)	698.58	750.60
NAV / share	3.81	4.06
Share price	3.36	3.41
Change in NAV per share ²	(6.1)%	
Discount	(11.9)%	(16.0)%

Source: VinaCapital, Bloomberg

Notes:

1. USD share price based on Reuters foreign exchange rate at reporting date.
2. Simple change in NAV per share over the financial year to date, from 30 June 2019 to 31 December 2019.
3. The NAV for 30 June 2019 includes adjustments to the share prices of some investments in order to adjust for pricing anomalies identified by the Board. Please refer to the Glossary section of the 30 June 2019 annual report for a complete explanation.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED
INVESTMENT MANAGER'S INTERIM REPORT (continued)

Vietnam: stable macroeconomic conditions prevail but headwinds emerge post-year end

2019 was another strong year for Vietnam's economy, characterised by high and sustainable GDP growth and a stable macro-economy. Vietnam ended 2019 with GDP at over USD262 billion and growth of 7.02% compared to 2018, surpassing the Government's target of 6.6% - 6.8%. For most of the year, inflation was well under control at about 2-3%, before dramatically spiking to 5.2% year-on-year (y-o-y) in December 2019 due to a surge in pork prices in the aftermath of the African swine flu epidemic. There are clear signs that the worst of the swine flu epidemic has passed and, moreover, despite the blip in inflation investors are not overly concerned about this temporary issue.

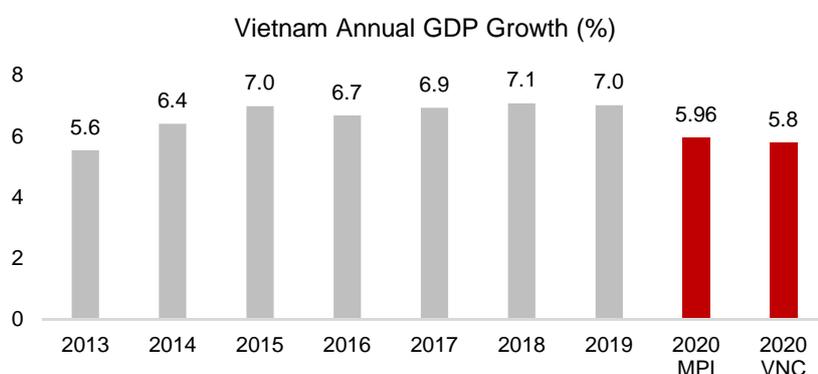
Vietnam's economic growth was driven by household consumption, manufacturing and by an expansion in the trade surplus. It is especially noteworthy that consumer spending growth accelerated from about 8% y-o-y growth in 2018 to over 9% in 2019, despite a reduction in consumer credit growth from 30% in 2018 to 20% in 2019, which is strong evidence of the high confidence level of local consumers.

The USD-VND exchange rate ended the year unchanged, having barely moved all year, with the value of the VND supported by an approximately USD20 billion increase in Vietnam's foreign currency reserves to about USD80 billion or four months' worth of imports, due to the trade surplus and current account surplus, by the continuing high level of foreign direct investment (FDI), by overseas remittances and a significant inflow into the capital markets, albeit largely in private deals and not on the stock exchanges. As a result of Vietnam's large capital inflows and its stable macro-economy, aside from recent volatilities, we expect the value of the VND to remain more-or-less stable at current levels.

We estimate that the total foreign capital inflows into Vietnam exceeded 20% of GDP last year and our initial expectations are that large capital inflows will continue again this year given Vietnam's unique positioning to take advantage of the US-China trade war. FDI is creating jobs, lifting individual wealth and is a key component of GDP growth. In 2019, the average income per capita stood at USD2,800, and the Government expects it to increase to USD3,000 in the coming years.

However, the only caveat to the optimistic picture described above concerns the outbreak of the Coronavirus disease (COVID-19) in January 2020 and its subsequent escalation and impact on the global economy, and Vietnam specifically. At time of writing, Vietnam's Ministry of Planning and Investment (MPI) had revised its projection of GDP growth in 2020, and (for now) expects growth of below 6% this year – versus its 6.8% pre-COVID-19 forecast, although this is most certainly likely to be revised.

An immediate area of impact from COVID-19 has been to tourism, hospitality and associated services. According to the General Statistics Office of Vietnam (GSO), Vietnam's tourist arrivals are currently down by 50-60%. Based on ASEAN's experience during the 2003 SARS epidemic – when Asia-wide tourist arrivals fell by about 10% – this current 50-60% plunge in Vietnam tourist arrivals is likely to translate to a 5-10% decrease in tourist arrivals for the full year, which supports the view that this incident could knock nearly 1% off Vietnam's GDP growth forecast for this year.



Source: Government Statistics Office of Vietnam (GSO), Ministry of Planning and Investment (MPI), VinaCapital (VNC)

Notes:

1. Annual growth forecast for 2020 is MPI's forecast if COVID-19 ends in Q2/2020

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED
INVESTMENT MANAGER’S INTERIM REPORT (continued)

Vietnam: stable macroeconomic conditions prevail but headwinds emerge post-year end (continued)

In contrast to all the recent negative news, a Fellow at the influential Milken Institute commented in February that the Coronavirus crisis “underscored to all of China’s trading partners the value of diversification away from China”, and said that “COVID-19 is speeding up the dismantling of US firms’ sourcing from China even faster than the trade war did.”

The need for greater resilience in supply chains will ultimately bode well for Vietnam, and coupled with the US-China trade war, it has gifted Vietnam with a substantial inflow of FDI, particularly from China. Vietnam’s economy has benefited from the US-China trade war, accelerating the pace of expansion in the manufacturing sector that was already under way prior to dispute’s start, but we think the trickledown effect needs more time to work its way through the system before Vietnamese companies and consumers benefit through additional employment, rising income levels and increased spending power.

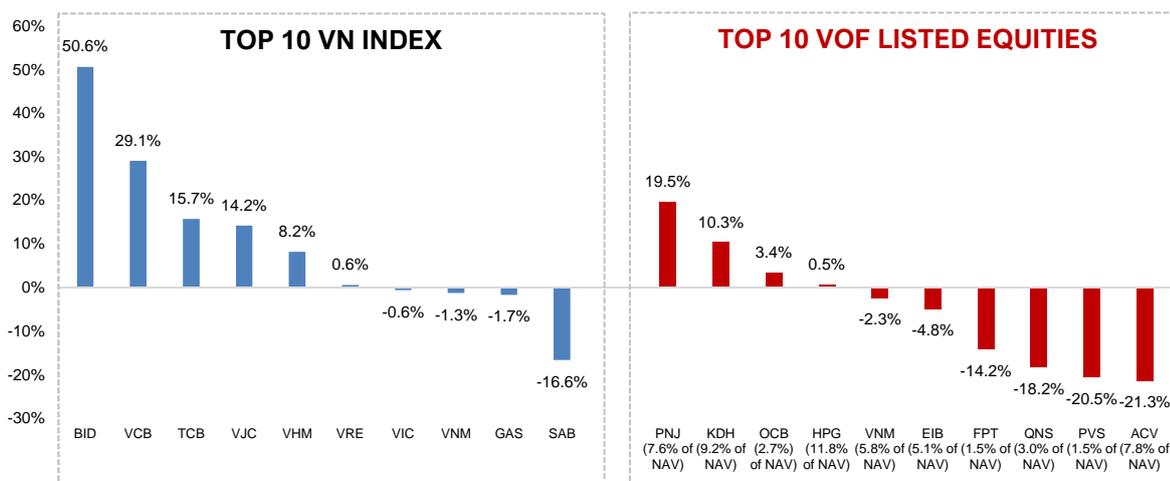
Market volatility and dynamics

The VN Index ended 2019 at 961 points, up by 7.7% for the full calendar year (and was up by 1.2% in simple terms for the six- months period under review), with an average trailing twelve months’ price-to-earnings (TTM P/E) ratio of 15.8x. Excluding the Vingroup (VIC) group of companies, the average TTM P/E was 13.7x at the end of 2019. Pre-COVID-19, this is significantly lower than Vietnam’s peers and neighbours such as Malaysia, Philippines, Indonesia and Thailand, where the average TTM P/E was 18.6x. Given the market setback, at time of writing, the Vietnam market now trades on a P/E ratio of 11.1x, with many regional peers suffering similar, if not greater downward re-ratings.

In the past year the VN Index’s increase fell short of those in the US market. During 2019 the VN Index reached a high of 1,025 points on 6 November; it subsequently declined as a result of several unexpected market events. These included a sharp decline in several large, richly valued listed companies, including Sabeco (HSE: SAB; TTM P/E 29.2x) following the sale of part of Heineken’s holding, and Vingroup’s (HSE: VIC; TTM P/E 50.0x) controversial restructuring of its retail and e-commerce businesses.

Poor corporate governance, even in some of the largest publicly listed Vietnamese companies, reinforces our view that we should continue to seek out private equity investments with associated minority protections and rights.

Performance Attribution FY2020 to 31 December 2019 (%)



Source: VinaCapital, Bloomberg

Notes:

1. Performance attribution to the VN Index return over the 2020 financial year to date up to 31 December 2019 (6 months), VND terms.
2. Performance attribution to the VOF portfolio from listed equities investments over the 2020 financial year to date up to 31 December 2019 (6 months), VND terms.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED
INVESTMENT MANAGER'S INTERIM REPORT (continued)

Market volatility and dynamics (continued)

Continuing strong capital inflows into Vietnam (foreigners bought almost USD300 million net in 2019) and the fact that even active funds are choosing the VN Index as a benchmark has meant that the index heavyweights are being favoured despite some very high valuations and this has meant that VOF's NAV return did not keep pace with the index. VOF's risk/return requirements and longer-term focus mean that many stocks in the index, including some of its largest constituents, do not meet our rigorous investment criteria on valuation grounds.

Investment strategy and portfolio

VOF provides a broad and unique exposure to listed and private equity investments as well as state-owned enterprises (SOEs) through a concentrated, high-conviction portfolio of companies benefiting from Vietnam's growth. Our objective is to achieve the best risk-adjusted returns through combining in-depth, bottom-up company research with a rigorous top-down risk framework applied to all our investments. We expect to exceed the return from the Vietnamese stock markets over the medium to long-terms.

Our approach is to provide growth capital (usually through sizeable minority stakes) in privately negotiated investments with appropriate due diligence rights, performance commitments, minority protections and exit arrangements, where possible. We actively engage with companies to add value and enhance growth and shareholder value. We work with management and other shareholders on divesting assets, at the appropriate time, to strategic buyers at a premium to the prevailing market prices or current valuation.

VOF currently targets four types of investments, which may change as market conditions evolve. These opportunities include:

- **Private equity or negotiated investments:** these are opportunities where we have a combination of due diligence rights (legal, financial, technical and ESG), minority protections and performance commitments and the right to participate at the Board and/or managerial level of the business;
- **Equitisation of State-Owned Enterprises:** the privatisation of companies owned by the government;
- **Listed companies:** Companies listed on the Ho Chi Minh City Stock Exchange (HSE) and Hanoi Stock Exchange (HNX); and
- **Structured investments:** Investments with defined entry and exit points with associated equity upside such as convertible bonds and warrants.

Our privately negotiated approach to investing in Vietnam is even more relevant as businesses become larger but corporate governance remains weak. Moreover, company valuations have also risen compared to five years ago and, hence, it is even more important that we endeavour to secure forms of downside protection and minority rights, particularly as the market remains illiquid even for listed equities. We also increasingly seek to provide advice to help our investee companies reach the next level of performance and growth.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED
INVESTMENT MANAGER'S INTERIM REPORT (continued)

Investment strategy and portfolio (continued)

As at 31 December 2019, the Fund's portfolio consisted of the following asset classes:

Asset class	31 December 2019 USDm	%	30 June 2019 ³ USDm	%
Listed equities	498.5	53.9	605.1	63.3
Unlisted equities ¹	135.6	14.7	156.4	16.4
Private equity	163.0	17.6	124.1	13.0
Bonds	28.6	3.1	28.3	3.0
Operating assets	12.5	1.4	13.0	1.4
Cash and others ²	87.2	9.3	28.4	3.0
Total NAV	925.4	100	955.3	100
NAV per share	USD 5.05		USD 5.17	

Notes:

- Unlisted equities include over-the-counter securities and publicly listed investments currently traded on UPCoM (the Unlisted Public Company Market of the Hanoi Stock Exchange).
- As at 31 December 2019, cash and cash equivalents was 9.1% of NAV. Others includes receivables and payables.
- The NAV for 30 June 2019 includes adjustments to the share prices of some investments in order to adjust for pricing anomalies identified by the Board. Please refer to the Glossary section of the 30 June 2019 annual report for a complete explanation.

Over the six months to 31 December 2019, VOF deployed USD25.7 million into two new private equity investments, bringing the allocation of private equity investments in the portfolio up to 17.6%, compared with 13.0% as at 30 June 2019.

- Ngoc Nghia Industry Services Trading (Ngoc Nghia):** In October 2019, VOF made an initial investment of USD17.2 million into Ngoc Nghia, and received two board seats. Ngoc Nghia is a pioneer and leading manufacturer of PET (polyethylene terephthalate) packaging in Vietnam and has the largest plastic packaging production capacity in Vietnam, with an annual output of 3.7 billion preforms, bottles and closures manufactured per year at three production sites. Management estimates that in terms of volume, Ngoc Nghia accounts for the largest market share of PET packaging.

Based in Ho Chi Minh City, Ngoc Nghia grew its revenue base at a compound annual growth rate (CAGR) of 15.3% between 2016 and 2018, and in 2019, expects to deliver revenue of USD74.0 million from its core PET business driven by the dynamic growth in the consumer goods sector, namely non-alcoholic drinks, home and personal care, and sauces and condiments. These segments are expected to deliver healthy growth over the coming years thanks to Vietnam's growing population, rapid urbanisation and increasing household spending.

PET is the highly recyclable, lightweight, resealable and shatter-resistant plastic used by a variety of food and beverage and home and personal care product manufacturers. Ngoc Nghia's longstanding relationships with a range of international and domestic clients such as Unilever, Coca-Cola, Pepsi and Vinamilk will further help drive the company's growth.

- Petrolimex Aviation (PAV):** In December 2019, VOF participated in the private auction of PAV, the second largest fuel services company in Vietnam. This auction is the first step to the company's equitisation. VOF partnered with a Vietnamese investor to invest in this business where VOF deployed USD8.5 million for a significant minority stake.

PAV delivered almost USD700 million in revenue and over USD14 million in profit after tax (PAT) in 2018 and the company reported an almost 100% increase in PAT for 2019 compared to 2018. Since our investment, the company declared and paid a cash dividend equivalent to a 6.8% yield.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED
INVESTMENT MANAGER'S INTERIM REPORT (continued)

Investment strategy and portfolio (continued)

2. Petrolimex Aviation (PAV) (continued):

COVID-19 is having a significant impact on the tourism and travel industry and we expect to see an effect on PAV's performance during 2020 as airlines have significantly curtailed flights. Over the longer term we remain committed to the prospects of this company as the travel industry in Vietnam will continue to grow as domestic travellers have fully embraced the convenient and inexpensive options to fly, while international visitors will eventually return, resulting in both surging tourism and direct investments. As such, we will seek selective opportunities in businesses servicing in this sector, such as airport operators and logistics companies.

Top 10 portfolio holdings as at 31 December 2019

	Investment	Asset class¹	Sector	% of NAV	Investment entry method
1.	Hoa Phat Group (HPG)	Listed equity	Construction materials	11.6	Private equity
2.	Khang Dien House (KDH)	Listed equity	Real estate & construction	9.1	Private equity
3.	Airports Corporation of Vietnam (ACV)	Unlisted equity ¹	Infrastructure	7.7	Equitisation
4.	Phu Nhuan Jewelry (PNJ)	Listed equity	Consumer discretionary	7.6	Private equity
5.	Vinamilk (VNM)	Listed equity	Food & beverage	5.7	Equitisation
6.	International Dairy Product (IDP)	Private equity	Food & beverage	5.5	Private equity
7.	Eximbank (EIB)	Listed equity	Financial services	5.1	Private equity
8.	An Cuong Woodworking	Private equity	Construction materials	3.7	Private equity
9.	Noaland Structured Investment	Bond (structured investment)	Real estate & construction	3.1	Private equity
10.	Quang Nai Sugar (QNS)	Unlisted equity ¹	Food & beverage	2.9	Private placement
	Top 10 holdings % of NAV			62.0	

Notes:

1. Unlisted equities include over-the-counter securities, and publicly listed investments currently traded on UPCoM (the Unlisted Public Company Market of the Hanoi Stock Exchange).

The top two contributors to performance during the period were Phu Nhuan Jewelry, and Khang Dien House.

1. **Phu Nhuan Jewelry (HSE: PNJ; NAV 7.6%; 2020 P/E 15.0x):** PNJ announced strong performance to close the year, with 2019 accumulated PAT of VND1.19 trillion (+24% y-o-y) which met the company's earnings guidance. Analysts initially forecast 2020 profit growth of 20% y-o-y, thanks to a strong recovery in production post implementation of upgraded computer systems, higher profit margins and recovery in retail gold sales although this may be subject to revision given the COVID-19 outbreak. We entered PNJ via a private equity route and have previously taken up board seats in the company as part of our involvement in helping it grow and eventually IPO.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED
INVESTMENT MANAGER'S INTERIM REPORT (continued)

Investment strategy and portfolio (continued)

- 2. Khang Dien House (HSE: KDH; NAV 9.1%; 2020 P/E 13.9x):** The company's competitive advantage as a reputable, high-end developer has extended into the mid-market segment and it follows a prudent strategy of development that has helped it to reduce legal risks as it launches new projects. KDH's developments, which are mainly town houses, are selling well given that land prices in Ho Chi Minh City have been rising for the past few years and management are more investor friendly having for the first time held an analyst presentation to go over some of the details of their projects. For 2019, the company increased its net profit by 13%, slightly below expectation, but our assessment pre-pandemic was to expect profit to grow by 20% in 2020, although this may be subject to revision. We entered KDH while it was still a private company, and today continue to hold a board seat.

The two largest detractors to performance during the period were Airports Corporation of Vietnam (UPCoM: ACV), and Coteccons Construction (HSE: CTD):

- 1. Airports Corporation of Vietnam (UPCoM: ACV, NAV 7.7%; 2020 P/E 17.9x):** The stock price dropped due to uncertainty as to who is responsible for the maintenance of the runways at major airports which are due for repairs – whether it is the Government (as the runways are technically Government property) or ACV, and if the latter what structure would adequately compensate the company. This, together with the fact that there is still no new news on the listing of the shares on the main stock exchange (HSE), negatively impacted sentiment toward the stock. For 2019 the company still did well with core profit growth of 24%. We are one of the largest foreign shareholders in this company, participating when the company first privatised. We believe that in the long term the company will be able to meet its growth forecasts, we remain vigilant in light of the impact that the COVID-19 outbreak has on the travel industry.
- 2. Coteccons Construction (HSE: CTD; NAV 1.3%, 2020 P/E 5.8x):** 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 and which could affect the company's operations. As a result of the tensions between the management and the largest shareholder, some shareholders decided to divest their holdings and appeared to sell indiscriminately, regardless of the valuation. Furthermore, the overall slowdown in the real estate sector has impacted the short-term growth of the company, with full year profit down by 53% y-o-y to VND711 billion, achieving a little over 55% of their target guidance.

The largest position in the portfolio is **Hoa Phat Group (HSE: HPG; NAV 11.6%, 2020 P/E 8.3x)**. The share price was volatile over the period under review due to uncertainty regarding the ability of the company to take market share from other producers given that its new factory would double its output but at a time when the price of one of its major raw material inputs – iron ore – has risen significantly (thus impacting margins) due to the collapse of a dam in Brazil. Although profit dropped by 13% in 2019 due to margin pressure, it was in line with forecasts and the company increased its market share from 24% in 2018 to 26% in 2019. The steelmaker announced that construction steel sales volume continued to grow at a healthy rate, with December volume of 287,000 tons (+35% y-o-y), which was higher than market expectation. The growth in sales comes after the opening of a second factory in central Vietnam, which supported higher demand from the southern market and export orders. In total, HPG sold 2,776,703 tons (+16.8% y-o-y) of construction steel in 2019, despite only 5.1% y-o-y growth for the industry overall.

Outlook: Continuing deal flow underscores ability to source private market opportunities

As at 31 January 2020, VOF's privately negotiated holdings include eight investments that are valued at USD177 million. Based on this reported NAV, the implied total market capitalisation of these companies is just over USD1 billion. If we look at these eight investments on a consolidated basis, we expect approximately:

- 18% EBITDA growth (2019 EBITDA USD108 million versus 2020 (forecasted) EBITDA USD127 million), with the exception of SSG, a property development company that does not report EBITDA;
- 20% earnings growth (2019 profit after tax (PAT) USD88 million versus 2020 (forecasted) PAT USD105 million); and

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

INVESTMENT MANAGER'S INTERIM REPORT (continued)

Outlook: Continuing deal flow underlines ability to source private market opportunities (continued)

- Forward EV/EBITDA and P/E multiples for these companies are 6.9x and 9.6x, respectively.

The underlying growth across these investments comes from overall robust domestic consumption, their large market share and scale that allows headroom for growth. Admittedly, the 2020 forecasts have not been revised considering the effects of COVID-19 and given the uncertainty still surrounding this health crisis we will provide our revisions in forthcoming updates. Nevertheless, our longer-term view on the strength of earnings growth of these portfolio companies, given their healthy balance sheets and leading market share for the segments they operate in, suggests that they will be resilient during these challenging times.

As at 31 December 2019 the Fund held USD83.2 million in cash, including cash in directly held subsidiaries. We strive to remain fully invested but understand that this needs to be balanced with the need to hold a certain level of cash for new investment opportunities and ongoing commitments for share buybacks and dividend distributions, particularly during these volatile and uncertain times, holding a cash buffer seems sensible.

Subsequent to the half-year end, up to the time of writing this interim report, the Fund deployed a further USD20.3 million into a new private equity investment into one of Vietnam's leading privately owned hospitality groups which focuses on the fast-growing hospitality, restaurants and meetings, incentives, conference and exhibitions (MICE) sector.

We plan to deploy between USD100 and USD120 million into 4-6 private equity deals in the next twelve months subject to market conditions. We are looking at several consumer-oriented businesses including healthcare as well as a steel structure business. We also hope in 2020 to make a first investment into a recycling business, the largest of its kind in Vietnam. We will continue to stay away from export-oriented and labour-intensive businesses, but rather focus on businesses and sectors benefiting from the growth of the domestic economy.

We will continue to take advantage of the growing level of personal incomes in Vietnam and the inflow of FDI and its positive impact on specific businesses. These include construction services, specifically for manufacturing plants and infrastructure, construction materials, and consumer goods and services.

We expect that entry valuations and potential returns will be under pressure in the coming years. We are seeing valuations of private transactions getting closer to public market asset valuations, with small or no liquidity discounts for being private. Our base case returns are now expected to range between 15% and 25% over the next three to five years.

Vietnam has changed rapidly over the last few years and there is a substantial amount of capital chasing good investment opportunities. However, it is arguable whether risks have dissipated or reduced. In fact, we are seeing a changing set of risks. Accounting practices and tax rules for Vietnamese businesses are being tightened and, as a result, the gap between what is "right" and "wrong" is becoming materially large. Only through proper and comprehensive financial due diligence can this gap be properly analysed and assessed.

Vietnam enjoyed "Goldilocks" economic conditions in 2019, with strong GDP growth and modest, relatively stable inflation. Vietnamese consumers remain among the most confident in the world and household consumption continues to be relatively high. Meanwhile, the US-China trade war has brought a wave of new FDI to Vietnam, accelerating the pace of expansion in the manufacturing sector that was already under way. Overall, 2019 was another period of growth and promising development for Vietnam.

This current year, 2020 is turning out to be a far more challenging year to forecast, roiled by the "twin black-swan" events of an appalling global health crisis and an oil price shock both having a severe effect on the global economy. To comment sensibly on the short-term outlook and to call the bottom of the markets during this period is unwise; needless to say, there will be serious economic consequences to both local and global economies.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED
INVESTMENT MANAGER'S INTERIM REPORT (continued)

Outlook: Strong deal flow underlines ability to source private market opportunities (continued)

The current volatility in global markets certainly has had an impact on regional markets as well as here in Vietnam. However, on a relative basis, the VN Index has held up far better than regional peers, such as Indonesia and the Philippines which have seen significant declines in their stock market values. As at 20 March 2020, the VN Index has declined by 26% calendar year to date, while regional peers have suffered similar – if not greater – declines of 30% on average. Similarly, the US and UK markets have fallen sharply during this period, with the S&P 500 Index down 29% year-to-date, and the FTSE 100 Index down 31% year-to-date. In comparison, VOF's NAV per share has declined by approximately 18% over the same period, perhaps demonstrating the resilience of the portfolio and lower volatility of the NAV during times of market downturn. Furthermore, we have been active with the ongoing share buyback programme, having bought back 3.8 million shares equivalent to USD14.4 million since the start of this calendar year up to 20 March 2020.

Valuations have come down across all asset classes, with the VN Index trading at a TTM P/E ratio of 11.1x at time of writing. Consensus estimates for revised earnings growth this year is well below 10%, whereas prior to the COVID-19 outbreak it was approximately 12% to 15% on average. Our portfolio companies are currently revising their earnings forecasts which we expect to reduce as a result of weaker demand. The valuations in the private equity portfolio reflect the business performance and forecasts as at 31 December 2019 and takes into consideration the performance and cashflows of these companies at that point in time. However, we are mindful of the volatility and developments post-year end, with valuations contracting across the globe, and we can therefore expect similar contractions in Vietnam.

Caution has been aired on chasing short-term rallies, and the adoption of a wait-and-see stance on the pathogen's impact. Nevertheless, our investment operations continue and at current valuations, the argument in favour of publicly listed equities can be compelling. However, we remain disciplined to our investment strategy, focusing on fundamentals, being selective with companies that will demonstrate long-term growth, those that are market leaders and able to grow market share, and where we are able to add-value as investors in these businesses. To that extent we have been monitoring several listed companies over time, but for high valuation and available liquidity reasons, we have held off initiating a large exposure to these companies until recently when current valuations appeared very attractive.

Despite the likelihood that global uncertainty will continue through 2020, we remain hopeful and expect that markets will respond positively once this global health crisis eventually abates. We will keep an open and ongoing dialogue with our investors and believe that those with a longer-term investment horizon will be rewarded through our carefully selected portfolio of Vietnamese companies that are well-positioned to grow once markets return to normal.

Andy Ho
Investment Officer and Managing Director
VinaCapital Vietnam Opportunity Fund Limited
26 March 2020

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

INTERIM REPORT OF THE BOARD OF DIRECTORS

The Board of Directors (the “Board”) submits its report together with the condensed interim financial statements of VinaCapital Vietnam Opportunity Fund Limited (the “Company”) for the six-month period from 1 July 2019 to 31 December 2019 (the “six-month period”).

The Company is registered in Guernsey as a non-cellular company with limited liability.

INVESTING POLICY

Investment Objective

The Company’s objective is to achieve medium to long-term returns through investment either in Vietnam or in companies with a 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 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 into or out 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.

Principal Risks

The process which the Company follows in order to identify and mitigate its key risks is set out on pages 71 to 74 of the Annual Report and Financial Statements for the year ended 30 June 2019 (the “Annual Report”), a copy of which is available on the Company’s website <https://vof.vinacapital.com>. The Directors have reviewed the key risks. The full effect of the current COVID-19 virus outbreak is difficult to evaluate at the time of writing but it has already had an effect at least in the short term on market sentiment in general and sectors such as tourism in particular. With this significant addition, the directors have confirmed that the list as set out in the Annual Report, which is summarised below, otherwise remains appropriate.

Vietnamese Market Risk

Opportunities for the Company to invest in Vietnam have come about through the liberalisation of the Vietnamese economy. Were the pace or direction of 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.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

INTERIM REPORT OF THE BOARD OF DIRECTORS (continued)

Principal Risks (continued)

Changing Investor Sentiment

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

Investment Performance

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

Fair Valuation

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.

Investment Management Agreement

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 is no assurance that a suitable replacement could be found in Vietnam and, under those circumstances, the Company would suffer.

Operational

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 and gaps in these systems and services could result in a loss or damage to the Company.

Legal and Regulatory

Failure to comply with relevant regulation and legislation in Vietnam, Guernsey or the United Kingdom ("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.

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.

Results and Dividend

The results of the Company for the six-month period and the state of its financial affairs as at the reporting date are set out in the Condensed Interim Financial Statements.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

INTERIM REPORT OF THE BOARD OF DIRECTORS (continued)

Results and Dividend (continued)

When the Board first declared a dividend, it was the intention that the Company would pay a dividend representing approximately 1% of NAV twice each year. At that time this corresponded to a dividend of 5.5 cents per share in respect of each half year. Although the NAV has fallen since that time, the Board has continuing confidence in the future of the Company and intends to maintain a dividend of 5.5 cents for each half year.

Performance

The Chairman's Statement and the Investment Manager's Report provide details of the Company's activities and performance during the six-month period.

The key performance indicators ("KPIs") used to measure the progress of the Company during the six-month period 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.

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

Related Parties

Details of related party transactions that have taken place during the period and any material changes, if any, are set out in note 19 of the Condensed Interim Financial Statements.

Share repurchase programme

Details of the Company's share repurchase programme are set out in note 11 of the Condensed Interim Financial Statements.

Board of Directors

The members of the Board during the six-month period and up to the date of this report were:

Name	Position	Date of appointment
Steven Bates	Chairman	1 February 2013
Thuy Bich Dam	Director	4 March 2014
Huw Evans	Director	27 May 2016
Julian Healy	Director	23 July 2018
Kathryn Matthews	Director	10 May 2019

Directors' interests in the Company

As at 31 December 2019 and 30 June 2019, the interests of the Directors in shares of the Company were as follows:

	Shares held as at 31 December 2019	Shares held as at 30 June 2019
Steven Bates	25,000	25,000
Thuy Bich Dam	-	-
Huw Evans	35,000	35,000
Julian Healy	15,000	15,000
Kathryn Matthews	-	-

Kathryn Matthews purchased 9,464 shares in the Company on 19 February 2020. There have been no other changes to any holdings between 31 December 2019 and the date of this report.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

INTERIM REPORT OF THE BOARD OF DIRECTORS (continued)

Going Concern

Under the UK Corporate Governance Code and applicable regulations, the Directors are required to satisfy themselves that it is reasonable to assume that the Company is a going concern. The Directors have undertaken a rigorous review of the Company's ability to continue as a going concern including reviewing the on-going cash flows and level of cash balances as at the reporting date as well as taking forecasts of future cash flows into consideration. After making enquiries of the Investment Manager and having reassessed the principal risks, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the Interim Report and Condensed Interim Financial Statements.

On behalf of the Board:



Steven Bates

Chairman

VinaCapital Vietnam Opportunity Fund Limited

26 March 2020

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

To the best of their knowledge, the Directors confirm that:

- the Condensed Interim Financial Statements have been prepared in accordance with IAS 34, "Interim Financial Reporting"; and

- the Interim Report, comprising the Chairman's Statement, the Investment Manager's Report and the Interim Report of the Board of Directors, meets the requirements of an interim management report and includes a fair review of information required by DTR 4.2.4 R of the UK Disclosure and Transparency Rules:

(i) DTR 4.2.7R of the UK Disclosure and Transparency Rules, being an indication of important events which have occurred during the first six months and their impact on the Condensed Interim Financial Statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and

(ii) DTR 4.2.8R of the UK Disclosure and Transparency Rules, being related party transactions which have taken place in the first six months and which have materially affected the financial position or performance of the Company during that period, and any material changes in the related party transactions disclosed in the last Annual Report.

Signed on behalf of the board by:



Huw Evans

Director

VinaCapital Vietnam Opportunity Fund Limited

26 March 2020

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

INDEPENDENT REVIEW REPORT TO VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

Report on the condensed interim financial statements

Our conclusion

We have reviewed VinaCapital Vietnam Opportunity Fund Limited's condensed interim financial statements (the "interim financial statements") in the Interim Report and Condensed Interim Financial Statements of VinaCapital Vietnam Opportunity Fund Limited for the 6-month period ended 31 December 2019. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the condensed statement of financial position as at 31 December 2019;
- the condensed statement of comprehensive income for the period then ended;
- the condensed statement of cash flows for the period then ended;
- the condensed statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim Report and Condensed Interim Financial Statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Company is The Companies (Guernsey) Law, 2008 and International Financial Reporting Standards (IFRSs).

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Interim Report and Condensed Interim Financial Statements, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim Report and Condensed Interim Financial Statements in accordance with International Accounting Standard 34, 'Interim Financial Reporting', and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority

Our responsibility is to express a conclusion on the interim financial statements in the Interim Report and Condensed Interim Financial Statements based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

**INDEPENDENT REVIEW REPORT TO VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED
(continued)**

Report on the condensed interim financial statements (continued)

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the International Auditing and Assurance Standards Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim Report and Condensed Interim Financial statements and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.



PricewaterhouseCoopers CI LLP
Chartered Accountants
Guernsey, Channel Islands
26 March 2020

- (a) The maintenance and integrity of the VinaCapital Vietnam Opportunity Fund Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CONDENSED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2019 USD'000 (Unaudited)	30 June 2019 USD'000 (Audited)
TOTAL ASSETS			
Financial assets at fair value through profit or loss	8	908,279	983,043
Receivables and prepayments	10	67	31
Cash and cash equivalents	6	20,130	16,012
Total assets		928,476	999,086
TOTAL LIABILITIES			
Accrued expenses and other payables	12	3,067	16,189
Deferred incentive fees	15(b)	-	3,195
Total liabilities		3,067	19,384
EQUITY			
Share capital	11	380,879	387,788
Retained earnings		544,530	591,914
Total shareholders' equity		925,409	979,702
Total liabilities and equity		928,476	999,086
Net asset value, USD per share	17	5.05	5.30
Net asset value, GBP per share		3.81	4.16

The Condensed Interim Financial Statements were approved and signed by the Board of Directors on 26 March 2020.



Steven Bates
Chairman



Huw Evans
Director

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CONDENSED STATEMENT OF CHANGES IN EQUITY

		Share capital	Retained earnings	Total equity
For the six months ended 31 December 2019 (Unaudited)		USD'000	USD'000	USD'000
	Note			
Balance at 1 July 2019		387,788	591,914	979,702
Loss for the period		-	(37,269)	(37,269)
Total comprehensive deficit		-	(37,269)	(37,269)
Transactions with Shareholders				
Shares repurchased	11	(6,909)	-	(6,909)
Dividends paid	9	-	(10,115)	(10,115)
Balance at 31 December 2019		380,879	544,530	925,409
For the six months ended 31 December 2018 (Unaudited)				
Balance at 1 July 2018		427,351	616,081	1,043,432
Loss for the period		-	(43,762)	(43,762)
Total comprehensive deficit		-	(43,762)	(43,762)
Transactions with Shareholders				
Shares repurchased	11	(34,562)	-	(34,562)
Dividends paid	9	-	(10,351)	(10,351)
Balance at 31 December 2018		392,789	561,968	954,757

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED
CONDENSED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 31 December 2019 (Unaudited)	Six months ended 31 December 2018 (Unaudited)
	Notes	USD'000	USD'000
Dividend income	13	60,794	26,643
Net losses on financial assets at fair value through profit or loss	14	(91,728)	(65,530)
General and administration expenses	15(a)	(7,873)	(8,550)
Finance cost	15(b)	(370)	(2,565)
Incentive fee write back	3,15(b)	1,908	6,238
Other income		-	2
Operating loss		(37,269)	(43,762)
Loss before tax		(37,269)	(43,762)
Corporate income tax	16	-	-
Loss for the period		(37,269)	(43,762)
Total comprehensive loss for the period		(37,269)	(43,762)
Earnings per share			
- basic and diluted (USD per share)	17	(0.20)	(0.23)
- basic and diluted (GBP per share)		(0.15)	(0.18)

All items were derived from continuing activities.

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CONDENSED STATEMENT OF CASH FLOWS

		Six months ended 31 December 2019 (Unaudited)	Six months ended 31 December 2018 (Unaudited)
	Note	USD'000	USD'000
Operating activities			
Loss before tax		(37,269)	(43,762)
Adjustments for:			
Net losses on financial assets at fair value through profit or loss	14	91,728	65,530
Incentive fee clawback	15(b), 19	1,908	6,238
Finance cost		370	2,565
		56,737	30,571
Change in receivables and prepayments		(36)	(45)
Change in accrued expenses and other payables		(18,595)	(28,728)
Net cash inflow from operating activities		38,106	1,798
Investing activities			
Purchases of financial assets at fair value through profit or loss	8	(53,553)	(76,498)
Return of capital from financial assets at fair value through profit or loss	8	36,589	110,104
Net cash (used in)/generated from investing activities		(16,964)	33,606
Financing activities			
Repurchase of shares into treasury	11	(6,909)	(35,001)
Dividends paid	9	(10,115)	(10,351)
Net cash used in financing activities		(17,024)	(45,352)
Net change in cash and cash equivalents for the period		4,118	(9,948)
Cash and cash equivalents at the beginning of the period	6	16,012	14,867
Cash and cash equivalents at the end of the period	6	20,130	4,919

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

VinaCapital Vietnam Opportunity Fund Limited (“the Company”) 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 Company’s objective is to achieve medium to long-term returns through investment either in Vietnam or in companies with a substantial majority of their assets, operations, revenues or income in, or derived from, Vietnam.

The Company has a Premium Listing on the London Stock Exchange’s (“LSE’s”) Main Market, under the ticker symbol VOF.

The Company does not have a fixed life but the Board has determined that it is desirable that shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, the Board intends that every fifth year a special resolution will be proposed that the Company ceases to continue. If the resolution is not passed, the Company will continue to operate as currently constituted. If the resolution is passed, the Directors will be required to formulate proposals to be put to shareholders to reorganise, unitise or reconstruct the Company or for the Company to be wound up. The Board tabled such resolutions in 2008, 2013 and 2018 and on each occasion the resolution was not passed, allowing the Company to continue as currently constituted.

The Condensed Interim Financial Statements for the six-month period ended 31 December 2019 were approved for issue by the Board on 26 March 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The Company has prepared these Condensed Interim Financial Statements on a going concern basis in accordance with the Disclosure and Transparency Rules of the United Kingdom Financial Conduct Authority and IAS 34 “Interim Financial Reporting”. These Condensed Interim Financial Statements do not comprise statutory Financial Statements within the meaning of the Companies (Guernsey) Law, 2008, and should be read in conjunction with the Financial Statements of the Company as at and for the year ended 30 June 2019, which were prepared in accordance with International Financial Reporting Standards. The statutory Financial Statements for the year ended 30 June 2019 were approved by the Board of Directors on 24 October 2019. The opinion of the auditors on those Financial Statements was not qualified and did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report. The accounting policies adopted in these Condensed Interim Financial Statements are consistent with those of the previous financial year and the corresponding interim reporting period. New and amended standards have been considered in note 2.3. These Condensed Interim Financial Statements for the period ended 31 December 2019 have been reviewed by the Company’s Auditors, PricewaterhouseCoopers CI LLP, but not audited and their report appears earlier in this document. The financial information for the year ended 30 June 2019 has been derived from the audited financial statements of the Company for that year, which have been reported on by PricewaterhouseCoopers CI LLP.

2.2 Going concern

The Directors believe that, having considered the Company’s investment objective, financial risk management and associated risks (see note 20) 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 12 months from the date of approval of these Condensed Interim Financial Statements. They therefore continue to adopt the going concern basis in preparing the Condensed Interim Financial Statements.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policy and disclosures

The Board has considered the new standards and amendments that are mandatorily effective from 1 January 2019 and determined that these do not have a material impact on the Company and are not expected to affect significantly the current or future periods.

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 Condensed 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, 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 Accounting policies

(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 – 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 and subsequently measured at amortised cost as these are held to collect contractual cash flows which represent solely payments of principal and interest.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Accounting policies (continued)

(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 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. The time value of money is taken into consideration where appropriate.

(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.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

3.1 Critical accounting estimates and assumptions

When preparing the Condensed Interim Financial Statements, the Company relies on a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. Actual results may differ from the judgements, estimates and assumptions.

Information about significant judgements, estimates and assumptions which have the greatest effect on the recognition and measurement of assets, liabilities, income and expenses were the same as those that applied to the Annual Report and Financial Statements for the year ended 30 June 2019.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

3.1 Critical accounting estimates and assumptions (continued)

(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 31 December 2019, 100% (30 June 2019: 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, real estate and operating 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.

As at 30 June 2019, the fair values of the subsidiaries and associates holding the Company's principal private equity, real estate and operating investments were estimated by a qualified independent professional services firm (the "Independent Valuer"). The valuations by the Independent Valuer were prepared using a number of approaches such as adjusted net asset valuations, discounted cash flows and price-to-book ratio.

The estimated fair values provided by the Independent Valuer were used by the audit committee as the primary basis for estimating the fair value of real estate and private equity investments as at 30 June 2019 for recommendation to the Board.

As at 31 December 2019, the Investment Manager reviewed the valuations carried out by the Independent Valuer as at 30 June 2019 and considered whether there were any changes to performance or the circumstances of the underlying investments which would affect the fair values. The Investment Manager then made recommendations to the audit committee of the fair values as at 31 December 2019 and the audit committee, having considered these, then made recommendations for approval by the Board.

Information about the significant judgements, estimates and assumptions which 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 31 December 2019 and 30 June 2019, the Company classified its investments in subsidiaries and associates as level 3 within the fair value hierarchy, because they are not publicly traded, even when the underlying assets may be readily realisable.

(a.1) 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.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

3.1 Critical accounting estimates and assumptions (continued)

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

(a.2) 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 20(c) which sets out a sensitivity analysis of the significant observable inputs used in the valuations of the private equity investments. At the half-year end, the valuations are presented by the Investment Manager and reviewed and recommended to the Board by the Audit Committee.

(a.3) Valuation of real estate and 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 2.6. At the half-year end, the valuations are presented by the Investment Manager and reviewed and recommended to the Board by the Audit Committee.

In conjunction with making its judgement for the fair value of the Company's principal operating assets, the Independent Valuer at the year end and the Investment Manager at the half-year end 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.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

3.1 Critical accounting estimates and assumptions (continued)

(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 will be 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 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;
- 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 over the period to 31 December 2019, USD1.9 million of the USD3.5 million undiscounted incentive fee accrued at 30 June 2019 but not paid out has been written back in these Condensed Interim Financial Statements.

Any incentive fees payable within 12 months are classified under current liabilities. The fair values of any additional 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 is 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.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

3.2 Critical judgements in applying the Company's accounting policies (continued)

(b) Judgements about active and inactive markets

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

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

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

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 basis has been revised since the calculation of the figures for the period ended 31 December 2018 and these figures have not been restated.

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:

Condensed Statement of Comprehensive Income

	Capital Markets*	Operating Assets	Private Equity	Total
	USD'000	USD'000	USD'000	USD'000
Six months ended 31 December 2019				
(Unaudited)				
Dividend income	59,457	-	1,337	60,794
Net (losses)/gains on financial assets at fair value through profit or loss	(108,058)	669	15,661	(91,728)
General and administration expenses (note 15(a))	(5,977)	(116)	(1,780)	(7,873)
Finance cost	(280)	(6)	(84)	(370)
Incentive fee write back	1,448	28	432	1,908
(Loss)/profit before tax	(53,410)	575	15,566	(37,269)
Six months ended 31 December 2018				
(Unaudited)				
Dividend income	23,716	2,927	-	26,643
Net (losses)/gains on financial assets at fair value through profit or loss	(68,843)	(1,266)	4,579	(65,530)
General and administration expenses (note 15(a))	(7,350)	(108)	(1,092)	(8,550)
Finance cost	(2,205)	(32)	(328)	(2,565)
Incentive fee write back	6,238	-	-	6,238
Other income	2	-	-	2
(Loss)/profit before tax	(48,442)	1,521	3,159	(43,762)

* 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.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

4. SEGMENT ANALYSIS (continued)

Statement of Financial Position

Unaudited	Capital Markets* USD'000	Operating Assets USD'000	Private Equity USD'000	Other Net Assets** USD'000	Total USD'000
As at 31 December 2019					
Financial assets at fair value through profit or loss	643,360	12,511	191,669	60,739	908,279
Receivables	-	-	-	67	67
Cash and cash equivalents	-	-	-	20,130	20,130
Total assets	643,360	12,511	191,669	80,936	928,476
Total liabilities					
Accrued expenses and other payables	-	-	-	3,067	3,067
Total liabilities	-	-	-	3,067	3,067
Net asset value	643,360	12,511	191,669	77,869	925,409

Audited	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 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.

** Other net assets of USD60.7 million (30 June 2019: USD31.7 million) include cash and cash equivalents and other net assets of the subsidiaries and associates at fair value.

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 31 December 2019, there was no restricted cash held in these Vietnamese subsidiaries and associates (30 June 2019: USDnil).

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

5. INTERESTS IN SUBSIDIARIES AND ASSOCIATES (continued)

5.1 Directly-owned subsidiaries

The Company had the following directly-owned subsidiaries as at 31 December and 30 June 2019:

Subsidiary	Country of incorporation	31 December 2019	30 June 2019	Nature of the business
		% of Company interest	% of Company interest	
Allright Assets Limited	BVI	100.00	100.00	Holding company for investments
Allwealth Worldwide Limited	BVI	100.00	100.00	Holding company for private equity
Asia Value Investment Limited	BVI	100.00	100.00	Holding company for listed and unlisted securities
Belfort Worldwide Limited	BVI	100.00	100.00	Holding company for listed securities and private equity
Clipper One Limited	BVI	100.00	100.00	Holding company for investments
Clipper Ventures Limited	BVI	100.00	100.00	Holding company for private equity
Foremost Worldwide Limited	BVI	100.00	100.00	Holding company for unlisted securities
Hospira Holdings Limited	BVI	100.00	100.00	Holding company for private equity
Longwoods Worldwide Limited	BVI	100.00	100.00	Holding company for investments
Navia Holdings Limited	BVI	100.00	100.00	Holding company for private equity
Portal Global Limited	BVI	100.00	100.00	Holding company for unlisted securities
Preston Pacific Limited	BVI	100.00	100.00	Holding company for listed securities
Rewas Holdings Limited	BVI	100.00	100.00	Holding company for investments
Sharda Holdings Limited	BVI	100.00	100.00	Holding company for investments
Victory Holding Investment Limited	BVI	100.00	100.00	Holding company for listed securities
Vietnam Enterprise Limited	BVI	100.00	100.00	Holding company for listed and unlisted securities
Vietnam Investment Limited	BVI	100.00	100.00	Holding company for listed securities, unlisted securities and private equity
Vietnam Investment Property Holdings Limited	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 Master Holding 1 Limited	BVI	100.00	100.00	Holding company for investments
Vietnam Master Holding 2 Limited	BVI	100.00	100.00	Holding company for listed securities
Vietnam Ventures Limited	BVI	100.00	100.00	Holding company for listed and unlisted securities
VinaSugar Holdings Limited	BVI	100.00	100.00	Holding company for investments
VOF Investment Limited	BVI	100.00	100.00	Holding company for listed securities, unlisted securities, operating assets and private equity
VOF PE Holding 5 Limited	BVI	100.00	100.00	Holding company for listed securities
Windstar Resources Limited	BIV	100.00	100.00	Holding company for listed securities
Fraser Investment Holdings Pte Limited	Singapore	100.00	100.00	Holding company for listed securities

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

5. INTERESTS IN SUBSIDIARIES AND ASSOCIATES (continued)

5.1 Directly-owned subsidiaries (continued)

Subsidiary	Country of incorporation	31 December 2019	30 June 2019	Nature of the business
		% of Company interest	% of Company interest	
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
VTC Espero Limited **	Singapore	-	100.00	Holding company for investments

* SE Asia Master Holding 7 Pte Limited was liquidated on 10 March 2020.

** VTC Espero Limited was liquidated during the period to 31 December 2019.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

5. INTERESTS IN SUBSIDIARIES AND ASSOCIATES (continued)

5.2 Indirect interests in subsidiaries

The Company had the following indirect interests in subsidiaries at 31 December and 30 June 2019:

Indirect subsidiary	Country of incorporation	Nature of the business	Immediate parent	As at	
				31 December 2019 % of Company's indirect interest	30 June 2019 % of Company's indirect interest
Aldrin Three Pte. Ltd. *	BVI	Holding company for investments	Halley Three Limited	78.94	-
Halley Four Limited *	BVI	Holding company for investments	Clipper Ventures Limited	79.34	-
Halley One Limited	BVI	Holding company for investments	Clipper Ventures Limited	67.00	67.00
Halley Three Limited *	BVI	Holding company for investments	Clipper Ventures Limited	78.94	-
Halley Two Limited *	BVI	Holding company for investments	Clipper Ventures Limited	67.00	-
Liva Holdings Limited	BVI	Holding company for investments	Belfort Worldwide Limited	100.00	100.00
PA Investment Opportunity II Limited	BVI	Holding company for investments	Vietnam Enterprise Limited	100.00	100.00
Tempel Four Limited *	BVI	Holding company for investments	Halley Four Limited	100.00	-
Abbott Holding Pte. Limited	Singapore	Holding company for private equity	Hospira Holdings Limited	100.00	100.00
Aldrin One Pte. Ltd ***	Singapore	Holding company for investments	Halley One Limited	67.00	100.00
Aldrin Two Pte. Ltd. *	Singapore	Holding company for investments	Halley Two Limited	67.00	-
Chifley Investments Pte. Ltd *	Singapore	Holding company for investments	Belfort Worldwide Limited	100.00	-
Gorton Investments Pte. Ltd. *	Singapore	Holding company for investments	Belfort Worldwide Limited	100.00	-
Hawke Investments Pte. Limited	Singapore	Holding company for investments	Belfort Worldwide Limited	100.00	100.00
Howard Holdings Pte. Limited	Singapore	Holding company for private equity	Allwealth Worldwide Limited	80.56	80.56
Indochina Ceramic Singapore Pte. Ltd **	Singapore	Holding company for private equity	Belfort Worldwide Limited	-	100.00
Menzies Holding Pte. Ltd	Singapore	Holding company for investments	Belfort Worldwide Limited	100.00	100.00
Whitlam Holding Pte. Limited	Singapore	Holding company for private equity	Navia Holdings Limited	61.26	61.26
International Dairy Products JSC	Vietnam	Milk, yoghurt and dairy products	Howard Holdings Pte. Limited	55.97	55.97
Thai Hoa International Hospital JSC	Vietnam	Medical and healthcare services	Abbott Holding Pte. Limited	81.07	81.07
Vietnam Opportunity Fund II Pte. Ltd	Vietnam	Holding company for investments	Belfort Worldwide Limited	68.00	68.00

* Aldrin Two Pte. Ltd., Halley Two Limited, Aldrin Three Pte. Ltd., Halley Three Limited, Tempel Four Limited, Halley Four Limited, Chifley Investments Pte. Ltd and Gorton Investments Pte. Ltd. were incorporated during the period to 31 December 2019.

** Indochina Ceramic Singapore Pte. Ltd was liquidated during the period ended 31 December 2019.

*** Aldrin One Pte. Ltd was transferred from Belfort Worldwide Limited to Halley One Limited during the period ended 31 December 2019.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

5. INTERESTS IN SUBSIDIARIES AND ASSOCIATES (continued)

5.3 Direct interests in associates

The Company had the following directly-owned associates as at 31 December and 30 June 2019:

Associate	Country of incorporation	As at		Nature of the business
		31 December 2019 % of Company interest	30 June 2019 % of Company interest	
Mega Assets Pte. Limited *	Singapore	-	25.00	Holding company for investments
VinaCapital Commercial Center Private Limited *	Singapore	-	12.75	Holding company for investments

* VinaCapital Commercial Center Private Limited and Mega Assets Pte. Limited were liquidated during the period ended 31 December 2019.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

5. INTERESTS IN SUBSIDIARIES AND ASSOCIATES (continued)

5.4 Indirect interests in associates

The Company had the following indirect interests in associates at 31 December and 30 June 2019:

Indirect associate	Country of incorporation	Nature of the business	Company's subsidiary or associate holding direct interest in the associate	As at	
				31 December 2019	30 June 2019
				% of Company's indirect interest	% of Company's indirect interest
VinaCapital Commercial Center Private Limited *	BVI	Real estate investment	VinaCapital Commercial Center Limited	-	12.75
Ngoc Nghia Industry – Service - Trading JSC **	Vietnam	Packaging products	Tempel Four Limited	28.52	-
Hung Vuong Corporation	Vietnam	Operating assets investment	VOF Investment Limited	31.04	31.04

* VinaCapital Commercial Center Private Limited was liquidated during the period ended 31 December 2019.

** Ngoc Nghia Industry – Service – Trading JSC was acquired during the period ended 31 December 2019.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

5. INTERESTS IN SUBSIDIARIES AND ASSOCIATES (continued)

5.5 Financial risks

At 31 December 2019, the Company owned 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 20. The Investment Manager makes investment decisions after performing extensive due diligence on the underlying investments, their strategies, financial structure and the overall quality of management.

6. CASH AND CASH EQUIVALENTS

	31 December 2019 USD'000 (Unaudited)	30 June 2019 USD'000 (Audited)
Cash at banks	20,130	16,012

As at the Statement of Financial Position date, the 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 31 December 2019 was USD83.2 million (30 June 2019: USD32.9 million). Please refer to note 8 for details of the cash held by the Company's subsidiaries and associates.

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 31 December 2019 (Unaudited)			
Financial assets at fair value through profit or loss	-	908,279	908,279
Cash and cash equivalents	20,130	-	20,130
Total	20,130	908,279	928,409
Financial assets denominated in:			
- GBP	4	-	4
- USD	20,126	908,279	928,405

As at 30 June 2019 (Audited)			
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 31 December 2019 and 30 June 2019, 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 2019: nil).

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	31 December 2019	30 June 2019
	USD'000	USD'000
	(Unaudited)	(Audited)
Cash and cash equivalents	63,042	16,907
Ordinary shares – listed	498,496	613,794
Ordinary shares – unlisted *	135,634	172,101
Private equity	191,669	152,399
Real estate projects and operating assets	12,511	13,030
Investments held for sale	25,612	-
Other assets, net of liabilities	(18,685)	14,812
	908,279	983,043

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

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

	31 December 2019	30 June 2019
	USD'000	USD'000
	(Unaudited)	(Audited)
Consumer goods	205,611	210,729
Real estate and operating assets	163,602	181,938
Construction	142,330	142,762
Financial services	87,892	119,858
Infrastructure	80,410	102,487
Industrials	40,858	43,991
Energy, minerals and petroleum	48,551	68,067
Pharmaceuticals and healthcare	44,684	43,001
Agriculture	18,676	23,647
Retailers	5,696	14,844

As at 31 December 2019, an underlying holding, Hoa Phat Group, within financial assets at fair value through profit or loss amounted to 11.6% of the NAV of the Company (30 June 2019: 11.0%).

During the period, capital which has been returned to the Company as 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 period ended 31 December 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 3.2. As observable prices are not available for these investments, the Company classifies them as level 3 fair values.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

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

	For the six months ended	
	31 December 2019	31 December 2018
	(Unaudited)	(Unaudited)
Opening balance	983,043	1,067,462
Purchases	53,553	76,498
Return of capital	(36,589)	(110,104)
Net losses for the period	(91,728)	(65,530)
	908,279	968,326

9. DIVIDEND POLICY

The dividends paid in the reporting period were as follows;

During the six months ended 31 December 2019	Dividend rate per share (cents)	Net dividend payable (USD'000)	Record date	Ex-dividend date	Pay date
Second dividend for the year ended 30 June 2019	5.5	10,115	1 November 2019	31 October 2019	27 November 2019
		10,115			

During the six months ended 31 December 2018	Dividend rate per share (cents)	Net dividend payable (USD'000)	Record date	Ex-dividend date	Pay date
Second dividend for the year ended 30 June 2018	5.5	10,351	2 November 2018	1 November 2018	30 November 2018
		10,351			

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

	31 December 2019	30 June 2019
	USD'000	USD'000
	(Unaudited)	(Audited)
Prepayments	67	31
Loan receivable	-	-
	67	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 31 December 2019 and 30 June 2019, 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. The total of the outstanding receivable of USD8.7 million and the loan of USD2.9 million is USD11.6 million and the whole of this amount has been fully provided for.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

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

	31 December 2019		30 June 2019	
	Number of shares	USD'000	Number of shares	USD'000
Issued and fully paid at 1 July	200,991,258	491,301	211,346,258	491,301
Cancellation of treasury shares	(1,597,500)	-	(10,355,000)	-
Issued and fully paid at period/year end	199,393,758	491,301	200,991,258	491,301
Shares held in treasury	(16,182,716)	(110,422)	(16,182,716)	(103,513)
Outstanding shares at period/year end	183,211,042	380,879	184,808,542	387,788

Treasury shares

	31 December 2019	30 June 2019
	Number of shares	Number of shares
Opening balance at 1 July	16,182,716	17,288,000
Shares repurchased during the year	1,597,500	9,249,716
Shares cancelled during the year	(1,597,500)	(10,355,000)
Closing balance at year end	16,182,716	16,182,716

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 period ended 31 December 2019, 1.6 million shares (31 December 2018: 8.1 million) were repurchased at a cost of USD6.9 million (31 December 2018: USD34.6 million) and subsequently cancelled. There was USDnil (31 December 2018: USD0.4 million) payable at the period end in relation to these shares.

12. ACCRUED EXPENSES AND OTHER PAYABLES

	31 December 2019	30 June 2019
	USD'000	USD'000
	(Unaudited)	(Audited)
Management fees payable to the Investment Manager (note 19)	1,085	1,111
Expenses recharged payable to the Investment Manager (note 19)	95	139
Incentive fees payable to the Investment Manager (note 19)	1,657	14,663
Other payables	230	276
	3,067	16,189

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 19.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

13. DIVIDEND INCOME

	Six months ended	
	31 December 2019 USD'000	31 December 2018 USD'000
	(Unaudited)	(Unaudited)
Dividend income	60,794	26,643

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 period, the subsidiaries received a total amount of USD10.1 million in dividends from their investee companies (31 December 2018: USD13.0million).

14. NET LOSSES ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Six months ended	
	31 December 2019 USD'000	31 December 2018 USD'000
	(Unaudited)	(Unaudited)
Financial assets at fair value through profit or loss:		
- Unrealised losses, net	91,728	65,530
Total	91,728	65,530

15(a). GENERAL AND ADMINISTRATION EXPENSES

	Six months ended	
	31 December 2019 USD'000	31 December 2018 USD'000
	(Unaudited)	(Unaudited)
Management fees (note 19(a))	6,495	7,029
Directors' fees, including expenses (note 19(c))	223	221
Secretarial and other professional fees	464	769
Others	691	531
	7,873	8,550

15(b). ACCRUED INCENTIVE FEE

The deferred liability carried forward from 30 June 2019 was USD3.5 million, discounted to USD3.2 million to reflect the time value of money. For the period ended 31 December 2019, USD1.9 million was written back as a result of the decline in the Company's NAV over the period. This resulted in an accrued incentive fee at 31 December 2019 of USD1.6 million, which is recorded as a current liability.

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 that country. The income tax payable by these subsidiaries is taken into account in determining their fair values in the Condensed Statement of Financial Position.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

17. EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE

(a) *Basic*

Basic earnings per share is calculated by dividing the profit from operations of the Company by the weighted average number of ordinary shares in issue during the period excluding ordinary shares purchased by the Company and held as treasury shares, please refer to note 11.

	Six months ended	
	31 December 2019	31 December 2018
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Loss for the year (USD'000)	(37,269)	(43,762)
Weighted average number of ordinary shares in issue	184,273,679	189,669,272
Basic loss per share (USD per share)	(0.20)	(0.23)

(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 NAV 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, please refer to note 11. NAV is determined as total assets less total liabilities.

	31 December 2019	30 June 2019
	(Unaudited)	(Audited)
Net asset value (USD'000)	925,409	979,702
Number of outstanding ordinary shares in issue	183,211,042	184,808,542
Net asset value per share (USD per share)	5.05	5.30

18. SEASONALITY

The Board believes that the impact of seasonality on the Condensed Interim Financial Statements is not material.

19. RELATED PARTIES

(a) *Management fees*

The Investment Manager receives a fee at an annual rate at the 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 the year ended 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 period amounted to USD6.5 million (31 December 2018: USD7.0 million), of which USD0.1 million (31 December 2018: USD0.3 million) was in relation to recharge of expenses incurred. In total USD1.2 million (30 June 2019: USD1.2 million) was payable to the Investment Manager at the reporting date.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

19. RELATED PARTIES (continued)

(b) Incentive fees

The deferred liability carried forward from 30 June 2019 was USD3.5 million, discounted to USD3.2 million to reflect the time value of money. For the period ended 31 December 2019, USD1.9 million was written back as a result of a decline in the Company's NAV over the period. This resulted in an accrued incentive fee at 31 December 2019 of USD1.6 million, which is recorded as a current liability.

(c) Directors' Remuneration

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

	Annual fee USD	Six months ended	
		31 December 2019 Unaudited USD	31 December 2018 Unaudited USD
Steven Bates	95,000	47,500	47,500
Martin Adams (retired 10 December 2018)	80,000	-	35,562
Thuy Bich Dam	80,000	40,000	40,000
Huw Evans	90,000	45,000	45,000
Julian Healy	80,000	40,000	35,342
Kathryn Matthews	80,000	40,000	-
		212,500	203,404

There were no directors' fees outstanding at the period end (30 June 2019: USDnil). During the period, directors' expenses totalling USD10,866 were paid.

(d) Shares held by related parties

	Shares held as at 31 December 2019	Shares held as at 30 June 2019
Steven Bates	25,000	25,000
Thuy Bich Dam	-	-
Huw Evans	35,000	35,000
Julian Healy	15,000	15,000
Kathryn Matthews	-	-
Andy Ho	390,511	190,000
Don Lam	1,005,859	1,005,859

Kathryn Matthews purchased 9,464 shares on 19 February 2020.

As at 31 December 2019, Stephen Westwood, a retained Consultant of the Company and the Investment Manager owned 6,000 shares (30 June 2019: 6,000) in the Company.

As at 31 December 2019, the Investment Manager owned 1,822,842 shares (30 June 2019: 1,120,342 shares) in the Company, which includes shares repurchased from the market.

(e) Other balances with related parties

	31 December 2019 USD'000	30 June 2019 USD'000
Payables to the Investment Manager on expenses paid on behalf of the Company *	95	139

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

19. RELATED PARTIES (continued)

(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.

20. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Company's Audited Financial Statements as at 30 June 2019.

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

(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 period end is summarised as follows:

	31 December 2019	30 June 2019
	USD'000	USD'000
	(Unaudited)	(Audited)
Net assets attributable to equity shareholders	925,409	979,702

(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 31 December 2019 and 30 June 2019.

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

20. FINANCIAL RISK MANAGEMENT (continued)

(c) Fair value estimation (continued)

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

	Level 3 USD'000	Total USD'000
As at 31 December 2019		
Financial assets at fair value through profit or loss	908,279	908,279
As at 30 June 2019		
Financial assets at fair value through profit or loss	983,043	983,043

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 period/year ended 31 December 2019 and 30 June 2019.

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 31 December 2019 (Unaudited)				
Cash and cash equivalents	63,042	-	-	63,042
Ordinary shares – listed	498,496	-	-	498,496
– unlisted *	104,272	31,362	-	135,634
Private equity	-	-	191,669	191,669
Real estate projects and operating assets	-	-	12,511	12,511
Investments held for sale	9,230	-	16,382	25,612
Other assets, net of liabilities	-	-	(18,685)	(18,685)
	675,040	31,362	201,877	908,279

	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
As at 30 June 2019 (Audited)				
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

* 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 quoted market prices and dealer quotations are classified within Level 2. These include investments in OTC equities. As Level 2 investments include positions that are not traded in active markets, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. There were no movements into or out of the Level 3 category during the period.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

20. FINANCIAL RISK MANAGEMENT (continued)

(c) Fair value estimation (continued)

Private equities, real estate and operating assets, and other assets that do not have an active market are classified within Level 3. The Company uses valuation techniques to estimate the fair value of these assets based on significant unobservable inputs as described in note 3.2.

Set out below is the sensitivity analysis on the significant unobservable inputs used in the valuation of Level 3 investments as at 31 December 2019.

Segment	Valuation technique	Valuation (USD'000)	Discount rate	Cap rate	Terminal growth rate	Sensitivities in discount rates and cap rates/terminal growth rate (USD'000)				
Operating assets	Discounted cash flows	12,511	15%	14.50%	N/A	Change in discount rate				
						-1% 0% 1%				
						Change in cap rate	-1%	13,161	12,653	12,183
						0%	13,007	12,511	12,053	
1%	12,865	12,381	11,934							
Private equity	Discounted cash flows	152,569 *	11%-16%	N/A	3%-5%	Change in discount rate				
						-1% 0% 1%				
						Change in terminal growth rate	-1%	155,611	147,298	140,232
						0%	162,379	152,569	144,313	
1%	170,032	158,858	149,656							

* The difference between the balance of USD191.7 million reflected as Level 3 private equity earlier in note 20 to the above balance of private equity of USD152.6 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.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

20. FINANCIAL RISK MANAGEMENT (continued)

(c) Fair value estimation (continued)

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

Segment	Valuation technique	Valuation (USD'000)	Discount rate	Cap rate	Terminal growth rate	Sensitivities in discount rates and cap rates/terminal growth rate (USD'000)				
Operating assets	Discounted cash flows	13,030 *	15%	14.50%	N/A	Change in discount rate				
						-1% 0% 1%				
						Change in	-1%	13,701	13,175	12,690
						cap rate	0%	13,543	13,030	12,557
	1%	13,398	12,897	12,435						
Private equity	Discounted cash flows & Others	146,399 *	11%-16%	N/A	3%-5%	Change in discount rate				
						-1% 0% 1%				
						Change in	-1%	149,981	141,540	134,376
						terminal	0%	156,393	146,399	137,975
growth rate	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 20 to the above balance 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 valuation.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

20. FINANCIAL RISK MANAGEMENT (continued)

(c) Fair value estimation (continued)

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

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

21. SUBSEQUENT EVENTS

This Interim Report and Condensed Interim Financial Statements were approved for issuance by the Board on 26 March 2020.

A dividend of 5.5 cents per share in respect of the half year ended 31 December 2019 was declared on 26 March 2020. The dividend is payable on or around 1 May 2020 to shareholders on record at 14 April 2020.

Kathryn Matthews purchased 9,464 shares in the Company on 19 February 2020.

COVID-19 is a developing situation and is evolving over time. The spread of the disease and the consequential effects on financial markets is considered to be a non-adjusting post balance sheet event and no adjustments have been made to the Interim Financial Statements as a result. There is further discussion of this in the Chairman's Statement and Investment Manager's Report.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

MANAGEMENT AND ADMINISTRATION

Directors

Steven Bates
Thuy Bich Dam
Huw Evans
Julian Healy
Kathryn Matthews

Registered Office

PO Box 656
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3PP
Channel Islands

Investment Manager

VinaCapital Investment Management Limited
PO Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

Administrator and Company Secretary

Aztec Financial Services (Guernsey) Limited
PO Box 656
Les Banques, Trafalgar Court
St Peter Port
Guernsey GY1 3PP
Channel Islands

Corporate Broker

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT
United Kingdom

Custodian

Standard Chartered Bank (Vietnam) Limited
Unit 1810-1815, Keangnam
Cau Giay New Urban Area
Me Tri Com Hanoi
Nam Tu Liem District
Vietnam

Registrar

Computershare Investor Services (Guernsey) Limited
1st Floor, Tudor House
Le Bordage, St Peter Port
Guernsey, GY1 1DB
Channel Islands

Independent Auditors

PricewaterhouseCoopers CI LLP
PO Box 321
Royal Bank Place
1 Glategny Esplanade
St Peter Port
Guernsey GY1 4ND
Channel Islands

Investment Advisor

VinaCapital Investment Management Limited JSC
17th Floor, Sun Wah Tower,
115 Nguyen Hue Blvd, District 1,
Ho Chi Minh City,
Vietnam

UK Marketing and Distribution Partner

Frostrow Capital LLP
25 Southampton Buildings
London WC2A 1AL
United Kingdom

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

MANAGEMENT AND ADMINISTRATION (continued)

Investment Advisor's Offices:

Ho Chi Minh City

17th Floor, Sun Wah Tower
115 Nguyen Hue, District 1
Ho Chi Minh City
Vietnam
Phone: +84 28 3821 9930
Fax: +84 28 3821 9931

Hanoi

Unit 1, 6th Floor, International Centre Building
17 Ngo Quyen, Hoan Kiem District
Hanoi
Vietnam
Phone: +84 24 3936 4630
Fax: +84 24 3936 4629

Danang

L10 PVComBank Building
Lot A2.1, 30/4 Street, Hai Chau District
Danang
Vietnam
Phone: +84 236 3961 800
Fax: +84 236 3961 801

Singapore

6 Temasek Boulevard
42-01, Suntec Tower 4
Singapore 038986
Phone: +65 6332 9081
Fax: +65 6333 9081

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

GLOSSARY AND ALTERNATIVE PERFORMANCE MEASURES

<u>Term</u>	<u>Definition</u>
Company or Fund	VinaCapital Vietnam Opportunity Fund Limited
BVI	The British Virgin Islands
EBITDA	Earnings before interest, tax, depreciation and amortisation. A measure of the gross profit of a company.
Equitisation	The process of selling a company from public ownership to private investors. Known as privatisation in other countries.
ESG	Environmental, Social and Governance
FDI	Foreign direct investments.
FII	Foreign indirect investments.
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.
IPO	Initial public offering – the means by which most listed companies achieve their stock market listing.
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.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED**GLOSSARY AND ALTERNATIVE PERFORMANCE MEASURES (continued)**

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.
VND	Vietnamese Dong