

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

Annual Report and Financial Statements for the year ended 30 June 2020

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

CONTENTS

Company Structure and Life	2
Investment Policy	2
Historical Financial Information	3
Financial Highlights	4
Chairman's Statement	5
Investment Manager's Report	9
VinaCapital Management Team	20
Board of Directors	22
Disclosure of Directorships in Other Public Companies Listed on Recognised Stock Exchanges	23
Corporate Governance Statement	24
Report of the Board of Directors	41
Statement of Directors' Responsibilities	43
Report of the Audit Committee	45
Directors' Remuneration Report	48
Independent Auditor's Report to the Members of VinaCapital Vietnam Opportunity Fund Limited	49
Financial Statements and Accompanying Notes	58
Management and Administration	92
Glossary and Alternative Performance Measures	94

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

COMPANY STRUCTURE AND LIFE

VinaCapital Vietnam Opportunity Fund Limited (the “Company” or “VOF”) is a Guernsey domiciled closed-ended investment company. The Company is classified as a registered closed-ended Collective Investment Scheme under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 and is subject to the Companies (Guernsey) Law, 2008 (the “Guernsey Law”). Prior to March 2016 the Company was a limited liability company incorporated in the Cayman Islands.

The Company is quoted on the Main Market of the London Stock Exchange (“LSE”) with a Premium Listing (ticker: VOF).

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

INVESTMENT POLICY

Investment Objective

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

Investment Policy

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

No single investment may exceed 20% of the Net Asset Value (“NAV”) of the Company at the time of investment.

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

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

The Company may gear its assets through borrowings which may vary substantially over time according to market conditions and any or all of the assets of the Company may be pledged as security for such borrowings. Borrowings will not exceed 10% 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.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED
HISTORICAL FINANCIAL INFORMATION

Years ended 30 June	2016	2017	2018	2019	2020
Statement of Comprehensive Income (USD'000)					
Total income/(loss) from ordinary activities [^]	119,137	230,366	195,365	(9,334)	(35,204)
Total expenses from ordinary activities	(23,067)	(39,817)	(42,625)	(18,763)	(15,254)
Operating profit/(loss) before income tax	96,070	190,549	152,740	(28,097)	(50,458)
Income tax expense	-	-	-	-	-
Profit/(loss) for the year	96,070	190,549	152,740	(28,097)	(50,458)
Minority interests	-	-	-	-	-
Profit(loss) attributable to ordinary equity holders	96,070	190,549	152,740	(28,097)	(50,458)
Statement of Financial Position (USD'000)					
Total assets [^]	796,386	982,358	1,082,329	974,633	877,968
Total liabilities	9,850	32,683	38,897	19,384	1,863
Net assets	786,536	949,675	1,043,432	955,249	876,105
Share information					
Basic earnings/(loss) per share (cents per share) [^]	45.00	93.00	77.00	(15.00)	(28.00)
Basic earnings/(loss) per share (pence per share) [^]	30.00	73.00	57.00	(12.00)	(22.00)
Share price at 30 June (USD)*	2.82	3.82	4.30	4.34	4.07
Share price at 30 June (GBP)*	2.11	2.94	3.26	3.41	3.29
Ordinary share capital (thousand shares)	208,646	200,621	194,058	184,809	176,128
Market capitalisation at 30 June (USD'000)*	588,382	766,372	834,449	802,069	716,843
Market capitalisation at 30 June (GBP'000)*	440,243	589,826	632,629	630,197	579,462
Net asset value per ordinary share (USD) [^]	3.77	4.73	5.38	5.17	4.97
Net asset value per ordinary share (GBP) [^]	2.82	3.64	4.07	4.06	4.02
Ratio					
Ongoing charges excluding incentive income/(fee) [‡]	1.8%	1.9%	1.8%	1.7%	1.7%
Incentive (income)/fee [†]	1.2%	2.7%	2.1%	(0.3%)	(0.3%)
Ongoing charges plus incentive fee [‡]	3.0%	4.6%	3.9%	1.4%	1.4%

[^] The figures for 2019 above include adjustments to the share prices of some investments at 30 June 2019 in order to adjust for pricing anomalies identified by the Board. Please refer to the Annual Report and Financial Statements for the year ended 30 June 2019 for a complete explanation.

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

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

[†] Calculated as total incentive fee divided by average NAV for the year.

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

FINANCIAL HIGHLIGHTS

In the year to 30 June 2020, the Company's NAV per share decreased in US Dollar terms by 3.9% to USD4.97, while the Company's share price decreased by 6.2% to USD4.07, from the same date a year ago. Taking account of dividends paid in the year to 30 June 2020, the NAV Total Return* was -1.5%.

As at/years ended 30 June	2018	2019	2020
USD			
NAV per share total return*^ over the year (%)	16.1	(1.9)	(1.5)
Share price (\$)	4.30	4.34	4.07
Increase/(decrease) in share price over the year (%)	12.6	0.9	(6.2)
Discount to NAV per share**^ (%)	20.1	16.0	18.1

* Total return calculated as NAV per share as at the relevant year end and assumes that dividends paid out would be reinvested at the NAV per share on the ex-dividend date (and then the dividend would grow at the same rate of return as the NAV per share after re-investment).

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

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CHAIRMAN'S STATEMENT

Dear Shareholder,

The news in recent months has been dominated by the global COVID-19 pandemic and it is at times difficult to recall that the Vietnamese economy had been performing strongly until the arrival of the pandemic. I described the first half of our accounting year in the Half Year report as "rather quiet". That seems a world away now.

Vietnam has coped well with the COVID-19 crisis and despite an increase in cases over the summer, recorded very few deaths. This was the consequence of an early and effective lockdown which reflected the lessons learned from the SARS epidemic between 2002 and 2004. It also reflects the capacity of a centralised political system to impose strict measures on its population. Despite the success in containing the spread of the virus, Vietnam is a country on a growth trajectory which is dependent on increasing international trade and so has by no means been immune from the negative economic effects in the short term. Although commercial activity in Vietnam is now returning more or less to normal, the tourism sector, which represents 8% of the economy has been very hard hit, and exports initially were negatively affected by the fall off in global demand although the country has now returned to a strong trade surplus. For this year, despite the disruptions caused by the pandemic, the Vietnamese government has revised its estimates and now expects GDP growth of 3%, down from the government's previous forecast of 3.6% to 5.2%. Nevertheless, as described more fully in the Investment Manager's Report, your Board believes that longer term global economic developments continue to work in the country's favour. I would note particularly that Vietnam stands to benefit from the re-engineering of supply chains to reduce dependence on China, first in response to COVID-19 concerns and also because of tensions between that country and the US. Turning to VOF itself, I am pleased to report that all of our key suppliers were able to continue to operate effectively throughout local lockdowns and restrictions on movement. In particular, the Investment Manager was able to execute purchases and sales of assets and the administration systems which support the company operated well.

Over the 12 months to 30 June 2020 your Company's NAV per share declined by 1.5% in USD terms but increased by 1.2% in pounds sterling, (both on a total return basis), which I believe is a respectable outcome in these extraordinary circumstances. As I explain a little later in this statement, the Board does not consider the Vietnamese stock market index (known as the VN Index) to be an ideal comparator, but it fell by 12.7% over the same period (or 11.3% on a total return basis).

As set out in its report, the Investment Manager has continued to be active, both in initiating and realising private equity investments and in taking advantage of market volatility to re-position some of our listed equity holdings.

At the half year stage, I set out an explanation of our Investment Manager's approach to investment, which I think bears repetition in the Annual Report:

1. The Vietnamese market in quoted companies remains immature relative to developed markets, with only a small number of stocks trading with a high level of liquidity, many of which practice what the Investment Manager considers 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, the 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 Environmental, Social and Corporate Governance ("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

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.

I would add one further point to this description:

6. The Investment Manager has the expertise to invest across the capital structure of a business and has a history of successful 'structured' investments which contain elements of both debt and equity, often with performance guarantees and related security.

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 some of 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.

Because of these factors, when it comes to measuring the success or otherwise of the Investment Manager's strategy, the Board focuses on long term data, looks at alternative investment vehicles and considers the risks taken by those vehicles in generating return. On that basis, the data set out in the Investment Manager's Report are encouraging, and returns should be viewed over both the short and the long term.

As Shareholders will know, it is not the Board's role in a Company such as VOF to make investment decisions or indeed to second guess the Investment Manager's decisions. Nevertheless, we do have a responsibility to the Company to ensure that the investment process is robust and well executed. To that end, Julian Healy, one of the directors of VOF, attends meetings of the Investment Manager's Investment Committee as a non-voting Observer. Julian brings a long career specialising in private equity investing in frontier markets, and the Board has found this development to be helpful in deepening understanding of how the process works.

In 2020 so far and as is likely to be the case for the balance of the year, the Board has not been able to visit Vietnam in order to meet the Investment Manager's team and other in-country service providers face to face. That means that electronic interactions have become frequent and regular, and the Board and committee agendas have been adapted to deal with the new working environment. The Board is comfortable that things are working as they should but remains vigilant, as you would expect.

During the year, and despite the impact of the crisis, the Investment Manager has added resources to the investment team which is led by Andy Ho, who is supported by a deep bench of 14 investment professionals that cover public and private equity, as well as deal sourcing. As I said earlier, this is a resource-intensive investment approach and the market is not blessed (if that is the right word) with a plethora of investment banks serving up independent advice. The vast majority of the work that the team does is proprietary and home grown.

Dividend

The rationale for paying a dividend is twofold:

1. The underlying dividend flow from portfolio companies has become well established and has been growing quickly. While Vietnam is hardly a mature market, dividends are seen by corporates as a way of returning capital to Shareholders. Dividend flow from portfolio companies has continued and in our current year amounted to USD16.8 million;
2. A dividend paid by the Company is an effective way of returning capital to our investors. The discount to NAV at which the Company's shares trade means that it is efficient to return capital, both through dividends and through buybacks, and it acts as a discipline on the Investment Manager to focus on investment opportunities which offer high potential returns. It is also helpful in broadening the appeal of the Company to a wider group of potential Shareholders.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CHAIRMAN'S STATEMENT (continued)

Dividend (continued)

When the Board first declared a dividend two years ago, 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 USD5.5 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 USD5.5 cents for each half year. The Board has today declared a dividend of USD5.5 cents per share, payable to Shareholders on or around 25 November 2020.

Discount

The Company repurchased 8,680,133 shares, valued at USD33.2 million, over the year under review, at an average discount of 19.5%, adding 5 cents to the USD NAV per share.

In the first half of the accounting year, we were quite successful in narrowing the discount and on 31 December 2019 it stood at 11.9%. However, this good work was undone by the extraordinary circumstances in markets in the first quarter of 2020 when the discount, in common with that of many other listed investment companies, widened considerably. Since then the market has stabilised – although the discount has been volatile and as at the accounting year end stood at 18.1%. I want to emphasise that it remains wider than we would like it to be. We remain active in buying back shares.

While share buybacks address any oversupply of shares it is equally important to stimulate demand. Our Investment Manager, with the support of Corporate Broker Numis Securities, UK Marketing and Distribution partner Frostrow Capital and PR Agency Camarco, continues to make good progress in stimulating interest in the shares. The approach involves more frequent and better communication with Shareholders and with the press and mainstream media. As travel is somewhat curtailed, to put it mildly, all of this is happening virtually. It is perhaps ironic that despite the absence of physical meetings, with the use of electronic media, the team has been able to reach a broader audience than hitherto using electronic media. The dissemination of the VOF story is inevitably a long process but one to which the Board remains fully committed.

The Board

There have been no changes to Board membership in the period under review. The Board is aware of the need for regular change as a means of bringing a fresh perspective, while also maintaining continuity and “corporate memory”. I am the longest serving director, having joined the board in February 2013 and I intend to stand down after the AGM in 2021. While this is still some time away, my fellow directors have begun to discuss a succession plan.

Investment Management Fees

As at 30 June 2019 some USD3.6 million of incentive fees from previous years were carried forward in the Company's financial statements and were available for potential payment in subsequent years, provided that certain conditions were met. On 30 June 2020 USD3.1 million was clawed back, resulting in an incentive fee accrual at the year end of USD0.5 million. Following publication of this year's financial statements, the USD0.5 million will be paid out to the Investment Manager. No further incentive fees will be carried forward.

The effect of clawing back USD3.1 million of accrued incentive fees is to increase moderately the year-end NAV.

Outlook

We live in very uncertain times. Most of the world is in recession and coming to terms with periodic local lockdowns as the rate of COVID-19 infections is increasing after a summer lull. The trajectory of recovery in larger developed economies is volatile and supported by continuing fiscal and monetary stimulus on a vast scale. At the same time the geopolitical situation is uncomfortable and the long-standing trend to globalisation is slowing if not going into reverse. Growth is likely to be scarce and companies or countries which offer growth are likely to be in high demand. In this context, Vietnam is something of a beacon of hope. I refer you to the Investment Manager's Report and a recently published economic review which is available on our web site <https://vof.vinacapital.com>, but I would draw out some highlights:

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CHAIRMAN'S STATEMENT (continued)

Outlook (continued)

- Despite the effects of the COVID-19 pandemic, Vietnam is on course to deliver positive economic growth over calendar year 2020;
- Vietnam is very well placed to deliver growth in the coming years, with a young demographic profile, high literacy levels and rapid urbanisation. It is an attractive place to locate manufacturing facilities and is increasingly sought after by higher value added businesses; and
- Our Investment Manager's private equity-oriented approach and focus on absolute returns has led them to build a portfolio with the potential to deliver attractive investment returns.

The impact of COVID-19 on the economy has inevitably caused some unpleasant shocks to company business models and to their sales and profits. For the listed holdings, the Board takes the view that the market has effectively priced these factors into values. As for the private equity holdings, the viability of short and medium term cash flow and earnings projections is subject to greater uncertainty but our independent valuers have taken a robust analytical view of the likely effects of the pandemic on each of the businesses we own. The valuations adopted by the Board reflect these judgements. There is, of course, no monopoly on wisdom, and the way the pandemic unfolded is a salutary lesson in the risks of complacency. Nevertheless, the valuations adopted for these accounts do reflect careful consideration on a company by company basis of the impact of the pandemic on business prospects.

Annual General Meeting ("AGM")

This year's AGM is due to take place at 10:00 a.m. on 4 December 2020 at Aztec Group, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3PP. Notice of the AGM is set out in the Annual Report and Financial Statements.

Due to the ongoing COVID-19 outbreak, the Directors of the Company have reluctantly decided that the AGM cannot follow the usual format. Due to quarantine requirements in Guernsey, this year the AGM will be held with only the minimum number of Shareholders present as required to form a quorum under the Company's Articles of Incorporation ("Articles") and only to conduct the formal business of the meeting. To ensure everyone's safety no other Shareholders will be permitted entry to the AGM. Shareholders are asked to participate in the AGM by appointing a proxy to vote on the resolutions set out in the notice of AGM as soon as possible. Shareholders are strongly encouraged to appoint the chair of the meeting as their proxy if they wish to participate in the AGM and to ensure that their votes on the resolutions are counted.

All resolutions for consideration at the AGM will be voted on a poll, rather than a show of hands, and all proxy votes cast will count towards the poll votes.

Despite the exceptional circumstances, Shareholder engagement remains very important to the Directors. As well as setting out a comprehensive report on their management of the portfolio in this Annual Report, the Investment Manager recently held a virtual conference in Vietnam and a video presentation on the Company can be accessed at <https://vinacapital.com>. Shareholders are invited to participate in the AGM by submitting questions in advance. Any questions on the business of the AGM, on the resolutions or to the Investment Manager can be submitted ahead of the AGM by email to the Company Secretary at VinaCapital@aztecgroupp.co.uk by 9.00 a.m. on 2 December 2020. Replies to any questions raised will be posted on the Company's website as soon as practicable after the AGM. The Directors will continue to monitor the COVID-19 situation, as well as the latest government guidance, in case it may further affect arrangements for the AGM which may have to change at short notice. If it becomes necessary to change the arrangements for the AGM, information will be posted on the Company's website and made available via a regulatory announcement.



Steve Bates
Chairman

VinaCapital Vietnam Opportunity Fund Limited
26 October 2020

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

INVESTMENT MANAGER'S REPORT

Performance Highlights¹:

- As at 30 June 2020, NAV was USD876.1 million or USD4.97 per share, with a total market capitalisation of USD717.3 million or a share price of USD4.07 per share, representing a discount of 18.1%.
- VOF outperformed the VN Index by 9.8% on a total return basis in USD terms over the financial year ending 30 June 2020 ("FY2020").
- Accounting for the dividends paid, VOF's NAV per share fell by 1.5% on a total return basis² in USD terms.
- VOF paid a total of USD19.9 million in dividends (or 11.0 US cents per share), equivalent to a yield of 2.2% of the NAV per share and 2.7% of the share price as at 30 June 2020.
- Over the previous three financial years to 30 June 2017, 2018 and 2019, VOF delivered total returns of 28.4%, 16.1% and -1.9% on a total return basis² in USD terms, respectively.
- VOF's share price decreased by 3.2% on a total return basis² in US Dollar terms and by 0.7% in Sterling terms over the 12 months ending 30 June 2020.
- Through the share buyback programme, the Company acquired 8,680,133 million shares at a cost of USD33.2 million. Furthermore, as part of the new fee arrangements agreed during fiscal year 2018 whereby 25% of any performance fee that is paid to the Investment Manager is used to purchase VOF shares, the Investment Manager acquired 855,500 VOF shares at a cost of USD3.7 million.

Vietnam: A Silver Lining

As we take a moment to reflect during this challenging time, we are cautiously optimistic that things will get better in the world. Vietnam has demonstrated its ability to effectively control COVID-19 and, as a result, was able to reopen its domestic economy after *less than a month* of restricted movement activities enforced during April. By the start of May, most aspects of domestic economic activity had resumed after the social distancing measures put in place earlier in the year. However, in late July and early August a surprise flare up of community transmission and a handful of deaths has certainly put matters into perspective.

While Vietnam is in a far better place than most countries, we must acknowledge how highly integrated it is with the global economy, as evidenced by one of the highest trade-to-GDP ratios in the world. As a predominantly export-focused economy, Vietnam heavily relies on the stability and growth of other economies like the United States, China, and Europe to sustain its own economic growth in the long term. Therefore, it is important that we view Vietnam's success in containing the pandemic's impact as a commendable short-term achievement, but that the long-term health of the economy requires all nations to have COVID-19 under control and a vaccine to become widely available. This will help significantly to stabilise the economic uncertainty that we are facing today.

Although the pandemic still rages in many parts of the world, we have seen an eagerness to resume manufacturing investment activities, as foreign direct investment ("FDI") continued to find its way into Vietnam. Registered FDI (excluding capital contributions and share purchases) over the first half of 2020 reached USD12.2 billion, an increase of 17.5% year-on-year ("y-o-y"). Vietnam's top three FDI investors over this six month period, are Singapore (USD4.8 billion, +282% y-o-y), Thailand (USD1.5 billion, +279% y-o-y) and China (USD1.3 billion, -31.7% y-o-y). This continued investment in Vietnam is a strong sign of confidence from global investors regarding Vietnam's prospects and it further reinforces our cautious optimism for continued economic growth over the medium and long term.

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

² Total return basis assumes that the dividend would be reinvested at the NAV per share (NAV total return) or share price (share price total return) on the ex-dividend date.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

INVESTMENT MANAGER'S REPORT (continued)

Performance Review

The past financial year has been a challenging period in which to deliver returns. We started the financial year in July 2019 with stable market conditions, with the Vietnam Index ("VN Index") steadily climbing to a peak of 1,025 points in early November 2019. However, by 24 March 2020, the markets felt the full impact of the pandemic and the index lost 36% from its peak, closing that day at 659 points, giving back more than two years of gains and retreating to levels not seen since October 2017. By 30 June 2020, the VN Index had clawed back some ground to close at 825 points, posting a loss of -11.3% for the FY2020 on a total return basis (in USD terms). As at 30 September 2020, the VN Index stood at 905.2 points, a 10.6% increase on a total return basis (in USD terms) from 30 June 2020.

On a relative basis, the Company outperformed the VN Index by 9.8% to deliver a loss of 1.5% for FY2020 (NAV per share, dividend reinvested, total return basis, USD terms).

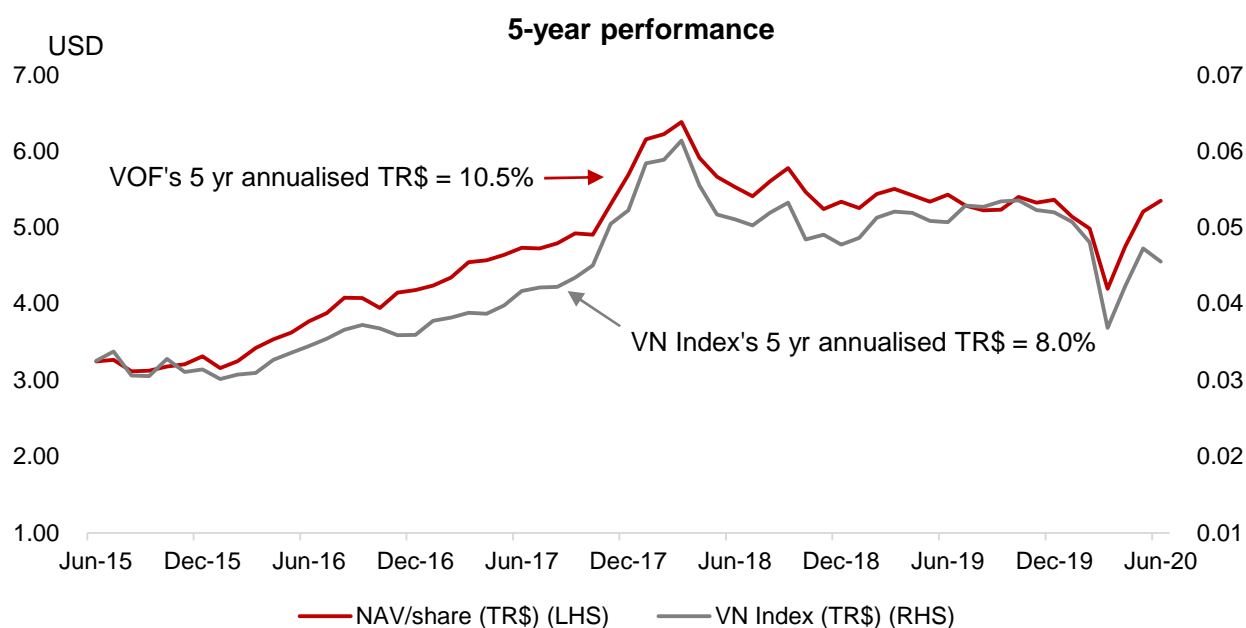
Over the long term, VOF has consistently outperformed against the VN Index on both a NAV per share and share price basis, as highlighted in the table below for 10-year, 5-year, 3-year, FY2020 (1-year), and 2020 calendar year-to-date (6 months).

For period ending 30 June ¹	VOF Share Price Annualised Return ²	VOF NAV per Share Annualised Return ²	VN Index ²
Calendar year to 30 June 2020	(7.1)%	(0.2)%	(13.8)%
1-Year	(3.2)%	(1.5)%	(11.3)%
3-Year	5.2 %	4.2 %	3.4 %
4-Year	12.3 %	9.2 %	8.3 %
5-Year	12.2 %	10.5 %	8.0 %
10-year	12.2 %	8.3 %	6.3 %

Source: Bloomberg, VinaCapital. Annualised returns, USD terms.

¹ Period end is for the financial years ending 30 June.

² USD terms, total return basis.



Source: Bloomberg, VinaCapital, USD terms, total return basis (%), annualised, 5-year period to 30 June 2020.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

INVESTMENT MANAGER'S REPORT (continued)

Performance Review (continued)

While VOF has no direct peers – specifically multi-asset class, closed-end investment funds that focus on public and private investments – it is useful to measure our performance against a benchmark such as the VN Index. Given our investment approach, performance should be measured over the long-term on a risk adjusted basis rather than against a short-term period, particularly given market volatility and inefficiencies.

In addition, we should look at performance through an additional lens based on risk-adjusted returns, which essentially measures the volatility of the returns that were delivered. This risk-adjusted return measure allows for market volatilities over the long-term and provides a relative performance measure against say the VN Index, to provide a more robust framework of measuring performance over the medium to longer term. Consistently over the long-term, VOF's NAV per share offers a lower volatility (or a lower standard deviation) than the VN Index.

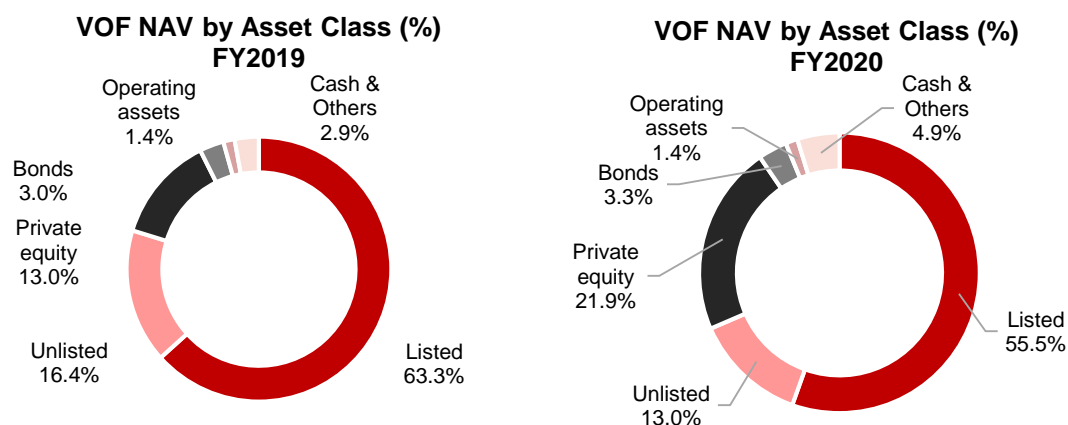
Risk-Adjusted Return (Volatility) For period ending 30 June ¹	VOF Share Price Volatility ²	VOF NAV Volatility ²	VN Index Volatility ²
Calendar year to 30 June 2020	2.5 %	1.5 %	1.8 %
1-Year	5.0 %	2.1 %	3.2 %
3-Year	3.5 %	2.2 %	2.7 %
4-Year	5.3 %	4.6 %	6.6 %
5-Year	5.6 %	4.3 %	6.4 %
10-year	5.2 %	3.6 %	6.2 %

Source: Bloomberg, VinaCapital.

¹ Period end is for the financial years ending 30 June.

² Volatility is calculated as the standard deviation of monthly returns over the period, based on share price, NAV/share (dividend adjusted) against the VN Index's volatility as a reference.

Portfolio review



Source: VinaCapital, NAV by asset class %, 30 June 2019 vs 30 June 2020.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

INVESTMENT MANAGER'S REPORT (continued)

Portfolio review (continued)

VOF top 10 holdings as at 30 June 2020

No.	Investee Company	Sector	Asset Class	% NAV
1	Hoa Phat Group (HPG)	Construction materials	Listed equities	13.0%
2	Khang Dien House (KDH)	Real estate & construction	Listed equities	8.3%
3	International Dairy Products (IDP)	Food & beverage	Private equity	7.1%
4	Airports Corporation of Vietnam (ACV)	Infrastructure	Listed equities	6.3%
5	Eximbank (EIB)	Financial services	Listed equities	5.4%
6	Phu Nhuan Jewelry (PNJ)	Consumer discretionary	Listed equities	5.3%
7	Vinamilk (VNM)	Food & beverage	Listed equities	5.0%
8	An Cuong Woodworking	Construction materials	Private equity	3.9%
9	Quang Ngai Sugar (QNS)	Food & beverage	Listed equities	3.3%
10	Novaland Structured Investment	Real estate & construction	Bonds	3.3%
Total				61.0%

Source: VinaCapital, NAV as at 30 June 2020.

As at 30 June 2020, VOF had 48 investments in its portfolio, consisting of 33 companies listed on either the Ho Chi Minh City Stock Exchange ("HOSE") or Hanoi Stock Exchange (HNX), with a further five companies either listed on the Unlisted Public Company Market (UPCoM), which functions similarly to the main bourses, or which trade over-the-counter ("OTC"). There are a further ten private equity or structured investment products to round off the portfolio holdings. Since the beginning of the financial year under review, VOF has reduced the number of listed company holdings to focus more on companies that we feel have strong opportunities and the ability to capture earnings growth in excess of 15% per annum over the next 3 to 5 years.

VOF's public equities portfolio turnover was 13.4% based on monetary value. In general, liquidity available to investors is inherently volatile. A company's market capitalisation is not necessarily a good indicator of its stock market liquidity, and conventional on-market trading may not be an effective way to build a holding in a company. Therefore, VOF's ability to invest or exit certain positions, particularly those which are in high demand, depends on VinaCapital's extensive network of contacts with various market participants, including domestic and international bankers, strategic investors, and other financial investors. These are important in allowing us to capitalise on sought-after transactions.

Privately negotiated transactions, which are not available to general market participants, continue to be our focus. They can take the form of growth capital into private companies or structured investments that may have debt and quasi-equity characteristics, providing minimum IRRs, ongoing yields, covenant protections, participation in equity upside, and most importantly, clear paths to exit.

During the financial year we have:

- Fully divested VietJet Air (HOSE: VJC) and reduced the number of listed holdings in the portfolio, particularly smaller positions, and redeployed these proceeds into opportunities including private equity investments.
- Added positions to the listed equity portfolio in several large, listed companies that demonstrate sustainable growth plans, including FPT Corp (HOSE: FPT), which is Vietnam's leading technology and software services company.
- Invested USD37.47 million through two private equity transactions; the first into Ngoc Nghia, a leading consumer packaging company; and the second into IN Holdings, a leading hospitality / events operator in HCMC. After the financial year end, we also completed a private equity investment in Thu Cuc International General Hospital, the leading private hospital group in Hanoi.
- Invested USD8.4 million into the equitisation (i.e. privatisation) of the nation's second-largest aviation fuel supplier.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

INVESTMENT MANAGER'S REPORT (continued)

Portfolio review (continued)

- We have committed to invest USD15 million in a new structured investment product into a leading company in the consumer goods sector, which is designed to deliver a minimum 18% IRR, with 1.5 times collateral coverage among other protections. As at financial year end, we disbursed USD10 million with the balance invested shortly after the financial year end.
- Shortly after the financial year end, we fully divested International Dairy Products (IDP), which at the time was our largest private equity investment (7.1% of NAV), to return in total USD77 million in proceeds to VOF (inclusive of a shareholder loan repayment).

Capital markets portfolio review

When the market was volatile, we continued to add meaningful stakes in companies that we were underweight due to their rich valuations pre-COVID. During the last six months we have built up positions in Vietcombank (HOSE: VCB), the largest commercial bank in terms of market capitalisation; Vinhomes (HOSE: VHM), the largest residential real estate developer and third-largest listed company in terms of market capitalisation; and Phuoc Hoa Rubber (HOSE: PHR), a leading industrial land developer which is taking advantage of the strong interest from foreign companies seeking to relocate manufacturing to Vietnam. These companies play into our investment thesis of seeking quality companies with strong management, benefiting from a strong domestic economy thanks to rapid urbanisation, rising incomes, and an increasingly sophisticated and affluent consumer.

To give a flavour of our publicly listed and OTC portfolio companies, we highlight below recent developments for six of them:

- **Hoa Phat Group (HOSE: HPG, 13.0% of NAV)** is the nation's top steel producer, with over 31% market share. The construction materials sector continues to benefit from long-term secular growth and HPG is capable of leveraging Vietnam's structural growth over the long run due to its leading position that enables it to capture future domestic construction growth as well as its ongoing expansion in both production capacity and product portfolio.

Founded as a construction machine and equipment trading company in 1992, Hoa Phat gradually expanded into steel (80-90% of its profit) and other industrial production and agriculture. We invested in HPG when it was still a private company in 2007. Over the 13 years of investing, the investment has delivered an annualised IRR of 17%.

HPG has been one of the top performing companies on the stock exchange, with its share price up by over 37% for the nine months of this calendar year up to 30 September 2020. For the financial year ended 30 June 2020, the share price increased by 14%. HPG recently announced that steel sales volume exceeded 252,000 tons in June 2020, an increase of 35.6% compared to June 2019. In particular, the export of construction steel products reached 39,508 tons, an increase of 1.2 times over the same period. Furthermore, the company announced impressive second quarter 2020 preliminary results, with net profit after tax ("NPAT") of USD116.7 million (+35% y-o-y), which is a record profit for HPG.

The Vietnamese government's fiscal stimulus measures include spending on national infrastructure projects, with over USD9 billion spent this calendar year to date. For the full year, the government has stated a very ambitious plan to disburse USD30 billion in public investment from the state's budget, which, if fully disbursed, is equivalent to 11% of GDP, and a 2.2x increase compared to 2019 disbursed capital. Given the few months remaining for the year, total disbursement of the target amount is unlikely but nevertheless will be a strong driver of economic growth and specifically companies in the construction and materials sectors will stand to benefit. Furthermore, the continued demand for construction materials for real estate development, industrial parks, and the build-out of factories from FDI inflows will maintain a strong level of demand for Hoa Phat's products for the foreseeable future.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

INVESTMENT MANAGER'S REPORT (continued)

Capital markets portfolio review (continued)

- **Airports Corporation of Vietnam (UPCoM: ACV, 6.3% of NAV).** Another sector that stands to benefit from this public spending infrastructure theme is ACV. While the aviation sector has significantly contracted due to the health pandemic and there is little likelihood that travel will return to pre-COVID levels in the medium term, over the longer term the secular tail winds will improve for the sector, driven by robust domestic demand thanks to rising personal income and competitive pricing compared to other modes of transport. Winners from this will be companies with large “moats” or barriers to entry, and ACV enjoys a near-monopolistic position of operating 22 (of the 23) commercial airports in the country.

For the financial year ended 30 June 2020, the share price declined by 39.2% reflecting the full brunt of the downturn in flying post the COVID outbreak. While ACV's share price has certainly suffered during this calendar year, for the nine months of the year up to 30 September 2020, it has inched its way back up, and the share price was down by 10.8% at that date. In September there was some speculation that the government will allow ACV to manage the billions of dollars of aviation infrastructure assets, including runways, where ownership continues to belong to the government. This clarity will remove one of the key hurdles that have prevented ACV from moving its official listing to the Ho Chi Minh City Stock Exchange main board and will pave the way for its eventual re-rating.

- **Orient Commercial Bank (OTC: OCB, 2.6% of NAV)** announced at the end of June that they received approval from the State Bank of Vietnam for Aozora Bank, a leading Japanese commercial bank, to acquire a 15% stake in OCB via a new share issuance. The transaction took place at a USD1.1 billion valuation, which is 3.2x higher than our entry valuation in 2017. In a statement, Aozora Bank said: “By sharing its financial experience and knowledge with OCB, Aozora will make ongoing efforts to provide its specialized and differentiated services to customers in Japan and Vietnam while promoting new investment banking and on-line banking operations in Vietnam.” We expect OCB to list on the Ho Chi Minh Stock Exchange in the coming months as part of their commitment to us. The bank also reported USD82.1 million profit in the first half of 2020 (+67% y-o-y), meeting 42% of its annual plan (USD190.3 million, +36% y-o-y).

For the financial year ended 30 June 2020, OCB's share price was down by 21.1%. However, for the nine months of this calendar year up to 30 September 2020, the share price is up by 23.0%, reflecting the positive news of both a strategic investor and the eventual relisting onto the main bourse.

- **Coteccons Construction (HOSE: CTD, 1.9% of NAV)** is the leading construction company in Vietnam and is known for its strong execution capabilities. The company dominates the high-end residential segment and has been a preferred contractor for large real estate developers. The share price had been under pressure because of a conflict between the Chairman and the company's biggest shareholder, Kusto, and over the financial year ended 30 June 2020 was down by 32.9% reflecting this conflict and uncertainty. This now seems to have been resolved, with all parties having arrived at a mutual understanding and finding common ground and agreeing to move to a more independent board structure. The outcome was well received by the market and the share price has recovered strongly leading up to and post an AGM which went smoothly. For the nine months of the calendar year up to 30 September 2020, the share price is up by an impressive 40.2%.

The company also provided a first half 2020 profit estimate of USD12.1 million (-10% y-o-y), higher than consensus and fulfilling 47% of the company's 2020 profit target (USD25.9 million, -16% y-o-y). At the end of 2019, the total pipeline of projects amounted to USD907.5 million, of which 60% (or USD545 million) will be executed and recognised in 2020. This should allow CTD to achieve their target this year particularly as development and sales activities in the real estate sector have shown signs of recovery as domestic economic activity gradually improves.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

INVESTMENT MANAGER'S REPORT (continued)

Capital markets portfolio review (continued)

- **FPT Corp (HOSE: FPT, 2.8% of NAV)** In late December we acquired a meaningful stake in FPT, Vietnam's leading technology and software services company. It is listed on HOSE and is a constituent of the VN30 Index. Established in the 1990s, FPT today accounts for more than 10% of total software outsourcing revenues nationwide. The company positions itself to seize the exciting opportunities in the ongoing digital transformations taking place in the local and global markets, with Japan, the US and Europe as its three largest markets for software outsourcing. FPT has consistently delivered strong revenue growth, and revenues are expected to increase to a 17% compound annual growth rate (CAGR) from 2019 to 2023 as the company uses its competitive advantage to maintain growth. EPS growth since 2014 has been between 20% and 25% per year and we expect similar growth levels in the coming years.
- **Vinhomes (HOSE: VHM, 1.8% of NAV)** is Vietnam's leading residential real estate developer, with a history of successfully delivering large scale, high-quality, in-demand developments and we have recently initiated a position in the company after following it for several years since its IPO. In June, international investor KKR announced that it had acquired a 6.1% stake in the company, at a total cost of USD650 million, and acquired a board seat. KKR joins GIC (5.8% stake) as the largest independent institutional shareholders of the company. VHM and other developers quickly returned to the market after the COVID-19 social distancing measures were ended with the launch of the low-rise phase of its Mega Grand Park project in District 9 of Ho Chi Minh City, which featured a high price premium to nearby locations. The company's net profit forecast for 2020 is USD1.3 billion (+23% y-o-y) as its pre-sales forecast increased by 28% to USD3.6 billion (arising from Wonder Park, Ocean Park, and Grand Park), thanks to recent efforts to actively relaunch projects to meet pent up demand.

Private equity portfolio review

Private Equity Holdings	Sector	% NAV
International Dairy Product (IDP)	Food & Beverage	7.1%
An Cuong Wood-Working	Construction Materials	3.9%
Ngoc Nghia Industry Service Trading	Industrials	2.4%
IN Holdings	Hospitality	2.2%
Tam Tri Medical	Pharmaceuticals & health care	2.1%
Thai Hoa International Hospital	Pharmaceuticals & health care	2.1%
Petrolimex Aviation	Mining, oil & gas	1.3%
Saigon Pearl Group	Real estate & construction	0.7%

Over the course of the financial year, we were active with several private equity investments, as well as agreeing terms to complete the successful sale of IDP, our largest private equity investment in the portfolio as at 30 June 2020 (the sale was completed shortly after the financial year-end).

- **International Dairy Products (IDP, PE, 7.1% of NAV)** is one of the leading private dairy companies in Vietnam. It had a very strong year in 2019 from a revenue and earnings before interest, tax, depreciation and amortisation ("EBITDA") perspective. As a result, we were able to take IDP through a capital restructuring program that enabled the company to repay a shareholder loan to VOF of over USD15 million (received in April), and subsequently accelerated the full divestment of this holding to a local strategic investor in July 2020, receiving a total of USD77 million in net proceeds. The uplift to VOF's NAV from the entire divestment (including both the earlier partial divestment and the remaining stake) was equivalent to USD0.14 per VOF share and was reflected in the audited NAV as at the year-end. VOF invested in December 2014, acquiring a majority stake in IDP (originally called Bavi) alongside Daiwa PI Partners, a Japanese financial investor. VOF invested USD36 million, with the consortium owning 70% in total.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

INVESTMENT MANAGER'S REPORT (continued)

Private equity portfolio review (continued)

In addition to what might be described as 'normal' activity, our investee companies have had to deal with issues arising from the COVID 19 pandemic. Each company has had its own unique experience, and most have seen significant short-term declines in activity. Nevertheless, we are pleased with the mitigating actions taken by all of our investee businesses and note that we do not think that the longer-term prospects for any of these companies have been seriously impaired. The main impact of the pandemic will be to push out the execution of business plans to reflect the fact that the timescale of the readjustment to a post-COVID world is still uncertain.

In considering the valuation of these portfolio holdings, the independent valuer has considered the impact of the pandemic on each business and made appropriate adjustments to compensate for the increased uncertainty. These adjustments include the development of downside scenarios in forecasting future activity and cash flows, as well as increasing discount rates and extending the time period over which returns are expected.

- **Ngoc Nghia Industry-Services-Trading (Ngoc Nghia, PE, 2.4% of NAV)** is a pioneering manufacturer of PET (polyethylene terephthalate) packaging in Vietnam. VinaCapital led a consortium to invest USD21.8 million in Ngoc Nghia in October of which VOF invested USD17.38 million and received two seats on the board. Ngoc Nghia has the largest plastic packaging production capacity in Vietnam, spread across three production sites. Management estimates that in terms of volume, Ngoc Nghia accounts for the largest market share of PET packaging in Vietnam. Based in Ho Chi Minh City, Ngoc Nghia grew its revenue base at a CAGR of 15.3% between 2016 and 2018, and in 2019, delivered revenue of USD74.0 million from its core PET business. 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. The company has seen some decline in demand for its products as a consequence of the pandemic, although the long-term case remains intact. As a mark of caution, a downside scenario was heavily weighted in arriving at the valuation.
- **IN Holdings (PE, 2.2% NAV).** In January 2020, we closed our second private equity investment for the financial year, leading a consortium investing USD25 million into one of Vietnam's largest privately owned hospitality groups which focuses on the fast-growing hospitality, restaurants and Meetings, Incentives, Conference and Exhibitions industry ("MICE"). VOF invested USD20 million and received one seat on the board. As part of their performance commitment to VOF, the investee company committed to cumulative revenue and EBITDA targets that imply growth rates of 25% to 30% during the next three years (2020 to 2022). Furthermore, this investment carries the typical terms that VOF expects in private equity investments, including downside protections, public listing commitments, drag along / tag along rights, veto rights for certain corporate actions, and a put option based on the company's performance commitment. These terms help ensure that VOF meets its minimum expected IRR. Unsurprisingly, the business has seen bookings fall sharply in response to the pandemic, nevertheless the post-investment work that our investment team carry out will help the company adjust to current business conditions as well as plan for a return to business when demand for hospitality and events resume. The management has been diligent in altering its forecasts and business behaviour to account for this, and these projections are the foundation for the valuation reflected in the portfolio.
- **Petrolimex Aviation (PAV, PE, 1.3% of NAV):** 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 USD8.4 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. Because of the precipitous decline in the aviation market following the lockdown in March, PAV's business suffered a significant downturn. In line with the tentative revival in travel, though, business has picked up recently. We believe that the long-term prospects for the business remain unaffected, but the valuation used takes account of the short-term disruption.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

INVESTMENT MANAGER'S REPORT (continued)

Private equity portfolio review (continued)

Subsequent to the financial year end, we also completed an additional significant private equity investment into the health care sector.

- **Thu Cuc International General Hospital (TCI, PE, 2.3% NAV as at 30 September 2020)**, is a leading private hospital in Hanoi. VinaCapital led a consortium to invest USD26.7 million to obtain a significant minority stake along with a board seat in the well-known health care provider, which is currently undertaking a significant expansion. The hospital was established in 2011 by Ms Nguyen Thu Cuc, who in 1996 became the first woman to launch and operate a private health care company in northern Vietnam. Working with some of Vietnam's most experienced and leading doctors, TCI quickly established itself as a trusted destination for high quality services at affordable prices in the fields of obstetrics and gynaecology, oncology and offering comprehensive health checks. Today, TCI employs more than 1,400 staff, including over 230 doctors, across nine departments which encompass twelve medical specialties. Last year, it opened a new 5,000 square metre general clinic to handle outpatient visits and corporate health checks, and in early 2020 it completed a 10-storey extension to the main hospital building, which more than doubled its in-patient capacity. The facility uses state-of-the-art diagnostic equipment and adheres to international standards of management.

VOF has long recognised the enormous growth potential of the private health care industry. An aging population, higher disposable incomes and rising wealth, and a propensity to focus on better health care is a consistent trend across developing markets, and Vietnam is no exception. The current pandemic reinforces the importance of the health care sector. We were one of the first private investors in this sector in Vietnam, with our investment in Hoan My Hospital Group in 2009.

The impact of the pandemic on this investment was taken into account during the due diligence process, and the position is held at cost.

Thu Cuc International Hospital joins our existing health care portfolio of Thai Hoa Hospital in the Mekong Delta region and Tam Tri Medical Corporation, which operates hospitals in southern and central Vietnam. Today, VOF's portfolio exposure to the health care and pharmaceutical sectors is 8%, and VOF is the leading private equity investor in general hospitals and clinics in Vietnam.

Hospitals across the country have seen significant declines in patient visits because of the pandemic, and our hospitals have not been exempted. Despite this, the longer-term prospects for private healthcare in Vietnam are excellent. As with the other holdings, the Independent Valuer has taken the shorter-term effects and the longer-term prospects into account in building the valuation models which were used by the Board to determine the fair values in the portfolio.

These PE investments are consistent with our longstanding strategy of identifying, investing, and playing an active role in the growth of leading Vietnamese businesses. We look to invest into companies that have a strong and motivated management, large and growing scale, and strong brands that offer a compelling product to domestic consumers.

Looking ahead - Investment philosophy and strategy

Our multi-asset approach is unique among Vietnam-focused funds, providing broad exposure to Vietnam's robust economic growth from investments across listed and private equity asset classes. We believe that having a diversified strategy that invests in public and private equities as well as structured products in Vietnam will deliver a superior risk-adjusted return in the medium to longer term.

Our team takes a fundamental, bottom-up approach and invests with a medium to long term view that finds many investments migrating to publicly listed equities while in the portfolio. Investing in over 200 businesses since the fund's inception in 2003, this approach has consistently delivered superior risk-adjusted returns to Shareholders over the medium to long terms.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

INVESTMENT MANAGER'S REPORT (continued)

Looking ahead - Investment philosophy and strategy (continued)

Our investment focus is on sectors that contribute to and benefit from the growing domestic economy and we actively work with our portfolio companies to help them increase earnings and improve governance with a view to ultimately seek opportunities to sell to a strategic buyer or list via an IPO.

VinaCapital is uniquely positioned to ensure that VOF delivers superior medium to long term returns through many years of experience, a scalable operation and funds, and most importantly, having a well-respected brand not only in Vietnam but around the world which enables us to access a range of investment and divestment ideas and opportunities.

VOF provides capital to private and listed companies and State-Owned Enterprises ("SOEs") to support their expansion and growth. Our investments focus on sectors benefitting from the growing domestic economy such as construction materials and healthcare. Our return expectations are based on growth and transformation and are not based on trading or short-term opportunities. Hence, we invest for the medium to long term to realise returns in excess of the market.

- We seek significant minority stakes that enable us to participate at the board and/or managerial level to enhance growth and shareholder value. As a minority investor, we seek strong downside protections coupled with clear exit mechanisms since we operate in a frontier market where volatility and weak corporate governance are pervasive.
- Prior to investing, we seek full due diligence rights (where possible on listed as well as private equities), performance commitments and valuation adjustments, minority protections (via tag along/drag along rights) and put options are standard in our investment agreements. We actively engage with our investee companies and provide access to management expertise.
- Participating at the board level, along with owning meaningful stakes, gives us the opportunity to command a premium on exit. We work with international buyers including strategic investors, investment bankers and business leaders who seek large stakes in both private and listed companies.
- We have a strong sell discipline and investments are sold when they fall below the minimum investment targeted return and have the potential to dilute the performance of the underlying portfolio.

Environmental, Social and Corporate Governance standards form part of our investment process

As more institutional investors invest into Vietnam and Vietnamese businesses expand, environmental, social and corporate governance ("ESG") related matters have taken on greater importance. In recent years, we have witnessed situations in which shareholder value declined significantly when businesses polluted the environment, ignored global standards, relocated families from their land without adequate compensation, or did not adhere to international best practice with respect to corporate governance.

Using guidelines from development finance institutions such as the FMO (the Dutch development bank) and the IFC (the International Finance Corporation), VinaCapital have developed a framework to identify ESG risks at potential investee companies, and help businesses improve their practices, where appropriate, by incorporating ESG terms as part of our overall terms of investment in private opportunities. We engage expert advisors and consultants to evaluate ESG risks as part of our due diligence activities prior to investing, as well as monitor any applicable remediation actions post-investment.

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

INVESTMENT MANAGER'S REPORT (continued)

Looking ahead – Outlook

Our Chief Economist has revised his forecast for real GDP growth for 2020 to approximately 1%, compared with 7% in 2019, owing to lower domestic and external demand during the pandemic, as well as related supply-chain disruption. Nonetheless, Vietnam's economy will likely fare better than most in the region, given the relative success of domestic containment efforts and the ramping-up of some goods production by international firms – especially those oriented towards China and even Chinese-own firms who are looking to relocate to Vietnam.

Furthermore, the easing of containment measures in some major economies from May has allowed for a gradual revival of global trade flows, which will provide a fillip to domestic growth in the second half of the year. The early containment of the virus in Vietnam will also allow the government to expedite large-scale public infrastructure works that were in the pipeline, such as the North-South expressway.

Although trade will still be recovering in 2021, Vietnam is expected to remain one of the fastest-growing ASEAN economies. The country has succeeded in positioning itself as the main low-cost regional alternative to China for export-oriented manufacturing. This should also ensure that investment growth remains strong in the coming years. Vietnam is also expected to continue to gain ground in higher value-added manufacturing, such as electronics. Meanwhile, the country's participation in several major free trade agreements will help to slow the erosion of its competitiveness against other countries in the region in some longer established industries, such as footwear production. This will drive growth in exports and investment throughout the forecast period. Medium-term gross fixed investment will be boosted by government-funded construction of the new infrastructure that will be needed to support the expansion of new export-oriented manufacturing industries.

When investing in Vietnam, global investors will look for returns commensurate with the development of the economy and the associated macro and micro risks, while taking into account the limited liquidity available. VOF provides access to investors who seek the best of both worlds – access to a diversified portfolio invested across the capital structure in attractive private and public companies, while offering a highly liquid and substantial London listed vehicle. Furthermore, the active share buyback programme that has been in place since 2011, as well as the Board's commitment to maintain an ongoing dividend pay-out are other strong differentiators for investors to consider amongst Vietnam-focused funds available.

While the outlook for global stock markets will remain volatile influenced by sluggish economic growth and highly uncertain prospects, we believe the importance of private deal sourcing in generating attractive returns to Shareholders is ever more important.

These are indeed interesting times, but we remain resilient, steadfast, and focused on delivering on our strategy. We believe VOF's medium to long term investment perspective should enable us to weather the current challenging environment and, with your support, hopefully come out ahead once the storms pass.

Andy Ho

Chief Investment Officer and Managing Director

26 October 2020

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

VINACAPITAL MANAGEMENT TEAM

Don Lam

Group Chief Executive Officer

Don Lam is a founding partner of the Investment Manager and has more than 20 years' experience in Vietnam. He has overseen the Investment Manager's growth from the manager of a single USD10 million fund in 2003 into a leading investment management and real estate development firm in Southeast Asia, with a diversified portfolio of more than USD3 billion in assets under management. Before founding the Investment Manager, Mr Lam was a partner at PricewaterhouseCoopers (Vietnam), where he led the corporate finance and management consulting practices throughout the Indochina region. Additionally, Mr Lam set up the VinaCapital Foundation whose mission is to empower the children and youth of Vietnam by providing opportunities for growth through health and education projects. He is active in the World Economics Forum and is a member of several business task forces and committees in Vietnam. He has a degree in Commerce and Political Science from the University of Toronto and received an honorary doctorate from the Royal Melbourne Institute of Technology Vietnam. He is a Chartered Accountant and is a member of the Institute of Chartered Accountants of Canada. He also holds a Securities License in Vietnam.

Brook Taylor

Chief Executive Officer, VinaCapital Asset Management

Brook Taylor is the Chief Executive Officer of the Investment Manager. Mr Taylor has more than 20 years of management experience, including more than eight years as a senior partner with major accounting firms. Previously, he was deputy managing partner of Deloitte in Vietnam and head of the firm's audit practice. He was also managing partner of Arthur Andersen Vietnam and a senior audit partner at KPMG. Brook has lived and worked in Vietnam since 1997. Mr Taylor's expertise spans a broad range of management and finance areas including accounting, business planning, audit, corporate finance, taxation, and risk management. He holds an Executive MBA from INSEAD and a Bachelor of Commerce and Administration from Victoria University of Wellington.

Andy Ho

Managing Director and Group Chief Investment Officer

Andy Ho is Managing Director and Group Chief Investment Officer of the Investment Manager, where he oversees the capital markets, fixed income and private equity investment teams. Previously, Mr Ho was Director of Investment at Prudential Vietnam's fund management company, where he managed the capital markets portfolio and Prudential's investment strategy. He has also held management positions at Dell Ventures (the investment Company of Dell Computer Corporation) and Ernst & Young. Mr Ho is a leading authority on capital markets investment, privatisations, and private equity deals and structures in Vietnam, where he has led private placement deals totaling almost USD1 billion. He holds an MBA from the Massachusetts Institute of Technology and is a Certified Public Accountant in the United States.

Dieu Phuong Nguyen

Deputy Managing Director

Dieu Phuong joined VinaCapital in 2005 and is responsible for the Company's private equity investments and deal sourcing. Ms Phuong has led several private equity and private placement investments for the Company and holds board positions at several of the Company's investee companies including Khang Dien House (HOSE: KDH). Ms Phuong has previous experience at KPMG Vietnam where she covered international and local banks and holds a BA from the Banking University of Vietnam and is a fellow member of the ACCA (UK).

Khanh Vu

Deputy Managing Director

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

VINACAPITAL MANAGEMENT TEAM (continued)

Michael Kokalari **Chief Economist**

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

BOARD OF DIRECTORS

Steven Bates

Non-executive Chairman (Independent)

(Appointed 5 February 2013)

Steven Bates is an experienced investor in emerging markets, spending 18 years with the Fleming Group and its successor JPMorgan Asset Management, where he led the emerging markets team. Over the past 17 years Mr Bates has been the Chief Investment Officer of GuardCap Asset Management (and its predecessor company) and is also a non-executive director of a number of investment companies. He holds an MA in Law from the University of Cambridge and is a CFA.

Thuy Bich Dam

Non-executive Director (Independent)

(Appointed 7 March 2014)

Ms Thuy Bich Dam began her career at Vietnam's Ministry of Science, Technology and Environment, responsible for coordinating treaties between the government and the World Intellectual Property Organisation (WIPO) and the European Patent Office (EPO). From 1996 to 2005, Ms Dam worked as the Natural Resources Director of ANZ Investment Bank (Singapore). Following this, Ms Dam was appointed as the CEO Vietnam, CEO Greater Mekong Region and Vice Chairwoman for the Greater Mekong Region for ANZ Bank Vietnam over a span of nearly eight years. Ms Dam was also the Chief Representative for the National Australia Bank, Vietnam from November 2013 to September 2016. She is currently the Founding President of Fulbright University Vietnam. She holds a bachelor's degree in English from Hanoi University, an MBA Finance from The Wharton School of Business and completed the Advanced Management Program at Harvard Business School.

Huw Evans

Non-executive Director (Independent)

(Appointed 27 May 2016)

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

Julian Healy

Non-executive Director (Independent)

(Appointed 23 July 2018)

Julian Healy has over thirty years' experience of banking, private equity and investment management in emerging and frontier markets. He holds an MA in Modern Languages from Cambridge University and is a member of the Institute of Chartered Accountants in England and Wales. He acts as a non-executive director for a number of companies.

Kathryn Matthews

Non-executive Director (Independent)

(Appointed 10 May 2019)

Kathryn Matthews has been involved in financial services for the last 40 years. Her last executive role was as Chief Investment Officer, Asia Pacific (ex Japan), for Fidelity International. Prior to that, Kathryn held senior appointments with William M Mercer, AXA Investment Managers, Santander Global Advisers and Baring Asset Management. She has previously been on the Board of Directors of a number of investment companies including Fidelity Asian Values and JPMorgan Chinese Investment Trust. She is currently on the Board of Directors of Barclays UK Plc and Pandal Group in Australia.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

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

Directorships Company Name	Stock Exchange
Steven Bates The Biotech Growth Trust PLC Third Point Investors Limited JP Morgan Elect PLC (appointed 15 October 2020)	London London London
Thuy Bich Dam None	-
Huw Evans Standard Life Investments Property Income Trust Limited Third Point Investors Limited	London London
Julian Healy Fondul Proprietatea	London and Romania
Kathryn Matthews Pandal Group Ltd	Australia

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CORPORATE GOVERNANCE STATEMENT

To comply with the UK Listing Regime, the Company must comply with the requirements of the UK Corporate Governance Code issued in July 2018 (the "UK Code"). The Company is also required to comply with the Guernsey Code of Corporate Governance (the "Guernsey Code").

The Company is a member of the Association of Investment Companies (the "AIC") and by complying with the AIC Code of Corporate Governance which was issued in February 2019 (the "AIC Code") and is applicable for accounting periods commencing on or after 1 January 2019, is deemed to comply with both the UK Code and the Guernsey Code.

The Board has considered the Principles and Provisions of the AIC Code. The AIC Code addresses the Principles and Provisions set out in the UK Code, as well as setting out additional Provisions on issues that are of specific relevance to the Company as an investment company.

The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council and the Guernsey Financial Services Commission provides relevant information to Shareholders.

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

The Board is of the view that throughout the year ended 30 June 2020 the Company complied with the recommendations of the AIC Code. Key issues affecting the Company's corporate governance responsibilities, how they are addressed by the Board and application of the AIC Code are presented below.

Provision 1 of the AIC Code requires the annual report to set out the following information:

How opportunities and risks to the future success of the business have been considered and addressed	An overview of the Company's performance is set out in the Chairman's Statement, and a more detailed review is set out in the Investment Manager's Report. A detailed review of risk management is set out below.
The sustainability of the company's business model	The sustainability of the business model is set out in the Viability Statement below.
How its governance contributes to the delivery of its strategy	The approach to governance is set out in this section of the Annual Report, in particular the section 172 statement below and the description of the board structure.

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

Section 172 Statement

Section 172 of the Companies Act 2006 ("UK Companies Act") applies directly to UK domiciled companies. Nonetheless, the intention of the AIC Code is that the matters set out in section 172 are reported on by all London listed investment companies, irrespective of domicile, provided that this does not conflict with local company law.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CORPORATE GOVERNANCE STATEMENT (continued)

Section 172 Statement (continued)

Section 172 states that: A director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the following six items:

(a) the likely consequences of any decision in the long term,	In managing the Company, the aim of the Board and the Investment Manager is always to ensure the long-term sustainable success of the Company and, therefore, the likely long-term consequences of any decision are a key consideration. In managing the Company during the year under review, the Board acted in the way which it considered, in good faith, would be most likely to promote the Company's long-term sustainable success and to achieve its wider objectives for the benefit of Shareholders as a whole, having had regard to the Company's wider stakeholders and the other matters set out in section 172 of the UK Companies Act.
(b) the interests of the company's employees,	The Company does not have any employees.
(c) the need to foster the company's business relationships with suppliers, customers and others,	The Board's approach is described under "Stakeholders" below.
(d) the impact of the company's operations on the community and the environment,	The Board's approach is described under "Environmental, Social and Corporate Governance" below.
(e) the desirability of the company maintaining a reputation for high standards of business conduct, and	The Board's approach is described under "Culture" below.
(f) the need to act fairly as between members of the company.	The Board's approach is described under "Stakeholders" below.

Purpose

The Company is an investment company and its purpose is to provide non-Vietnamese investors with the opportunity to achieve medium to long-term returns through investment in Vietnam.

Culture and Values

The Directors' overarching duty is to promote the success of the Company for the benefit of investors, with due consideration of other stakeholders' interests. The Company's approach to investment is explained in the Investment Manager's Report. The Board applies various policies and practices to ensure that the Board's culture is in line with the Company's purpose, values and strategy. The Directors aim to achieve a supportive business culture combined with constructive challenge.

The Company has a number of policies and procedures in place to assist with maintaining a culture of good governance including those relating to diversity, bribery (including the acceptance of gifts and hospitality), tax evasion, conflicts of interest, and dealings in the Company's shares. The Board assesses and monitors compliance with these policies regularly through Board meetings and the annual evaluation process. The Board seeks to appoint the most appropriate service providers for the Company's needs and evaluates the services on a regular basis. The Board considers the culture of the Investment Manager and other service providers through regular reporting and by receiving regular presentations as well as through ad hoc interaction.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CORPORATE GOVERNANCE STATEMENT (continued)

Culture and Values (continued)

The Board also seeks to control the Company's costs, thereby enhancing performance and returns for the Company's Shareholders. The Directors consider the impact on the community and environment. The Board and Investment Manager work closely together in developing and monitoring the Company's approach to Environmental, Social and Corporate Governance matters.

ESG

The Board takes a close interest in ESG issues and sets the overall strategy. As management of the portfolio is delegated to the Investment Manager, the practical implementation of policy rests with the Investment Manager. The Board has resolved that it will in future donate to an environmental charity in Vietnam to offset the environmental effects of its international travel on Company business. A description of the Investment Manager's approach to ESG issues is set out in the Investment Manager Report.

Stakeholders

The Company is an externally managed investment company whose activities are all outsourced. It does not have any employees. The Board has identified its key stakeholders, and how the Company engages with them, in the table below:

Stakeholder	Key Considerations	Engagement
Shareholders	<p>As an investment company, VOF's Shareholders are, in effect, both its owners and its customers, obtaining investment returns from the Company. A well-informed and supportive Shareholder base is crucial to the long-term sustainability of the Company. Understanding the views and priorities of Shareholders is, therefore, fundamental to retaining their continued support.</p> <p>In considering Shareholders, the Board's key considerations are:</p> <ul style="list-style-type: none">- Overall investment returns;- The ability to maintain, and potentially grow, the dividend;- Controlling the discount (and potentially the premium) at which shares trade to net asset value;- Control of costs.	<p>A detailed explanation of the Company's approach is set out under Relations With Shareholders.</p> <p>The Board receives regular reports from the Investment Manager and also independent reports from the Corporate Broker and UK Marketing Partner on relations with, and any views expressed by, Shareholders.</p> <p>The Board provides Shareholders with the opportunity to review the future of the Company every five years.</p>

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CORPORATE GOVERNANCE STATEMENT (continued)

Stakeholders (continued)

Stakeholder	Key Considerations	Engagement
Investment Manager	<p>Management of the investment portfolio is delegated to the Investment Manager. Investment performance is crucial to the long-term success of the Company.</p>	<p>The Board engages in regular, open and detailed communication with the Investment Manager. It reviews in detail the overall performance of the Company and of individual investments. The relationship with and performance of the Investment Manager is monitored and reviewed by the Management Engagement Committee.</p> <p>During the year under review, it was agreed that Julian Healy, one of the directors of the Company, would attend meetings of the Investment Manager’s Investment Committee as a non-voting Observer.</p> <p>In setting investment management fees, the Board seeks to achieve an appropriate balance between value for money and an incentive to retain a strong and capable portfolio management team along with supporting staff and infrastructure.</p>
Administrator & Corporate Secretary and other key service providers.	<p>The Administrator and Corporate Secretary are key to the effective running of the Company.</p> <p>The Company has a number of other key service providers, each of which provides an important service to the Company and ultimately to its Shareholders.</p>	<p>The Administrator and Corporate Secretary attend all Board meetings.</p> <p>The Management Engagement Committee undertakes an annual review of the key service providers, encompassing performance, level of service and cost. Each provider is an established business and each is required to have in place suitable policies to ensure they maintain high standards of business conduct, treat customers fairly, and employ corporate governance best practice.</p> <p>All bills and expense claims from suppliers are paid in full, on time and in compliance with the relevant contracts.</p>

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CORPORATE GOVERNANCE STATEMENT (continued)

Stakeholders (continued)

While portfolio investments are not stakeholders in the conventional sense, the Board acknowledges its responsibility to ensure where possible that investee companies adhere to good standards of conduct with regard to their own stakeholders. In some cases, the Investment Manager may have the capacity to affect these matters directly; in others, the scale of the Company's business gives it the ability to influence the management of its investee holdings.

Board Composition

The Board consists of five non-executive Directors, each of whom is independent of the Investment Manager. No member of the Board is a Director of another investment company managed by the Investment Manager, nor has any Board member been an employee of the Company, its Investment Manager or any of its service providers.

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

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

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

The Board believes that each Director has appropriate qualifications, industry experience and expertise to guide the Company and that the Board as a whole has an appropriate balance of skills, experience, background and knowledge. The Board comprises three men and two women, one of whom is resident in Vietnam. The Directors' biographies can be found within the Board of Directors section.

Re-election and tenure of Directors

As set out in the AIC Code Directors should submit themselves for annual re-election and in any event as soon as it is practical after their initial appointment to the Board. It is a further requirement that non-executive Directors be appointed for a specific period. The Board has adopted a formal policy requiring that Directors, including the Company's Chairman, should stand down at the AGM following the ninth anniversary of their initial appointment.

The individual performance of each Director standing for election or re-election has been evaluated by the other members of the Board and a recommendation will be made that shareholders vote in favour of their election or re-election at the AGM on 4 December 2020.

The Chairman has indicated that he intends to retire after the AGM in 2021, and a succession plan is under discussion.

Board Proceedings and relationship with the Investment Manager

The Board is required by the AIC Code to explain in the annual report the areas of decision making reserved for the Board and those over which the manager has discretion. Investment performance is discussed in the Chairman's Statement, and management of risk is described below. A description of the approach to ESG matters is set out above.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CORPORATE GOVERNANCE STATEMENT (continued)

Board Proceedings and relationship with the Investment Manager (continued)

The Board meets regularly throughout the year and representatives of the Investment Manager are in attendance, when appropriate, at each meeting and most Committee meetings. In the past most meetings have been held in person but, following the imposition of global travel restrictions, meetings have been held via video conference. The Chairman encourages open debate to foster a supportive and co-operative approach for all participants.

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

The Board, at its regular meetings, undertakes reviews of: key investment and financial data, revenue projections and expenses, analyses of asset allocation, transactions, share price and NAV performance, marketing and Shareholder communication strategies, the risks associated with pursuing the investment strategy, peer company information and industry issues.

The Board has agreed a schedule of matters specifically reserved for decision by the Board. This includes establishing the investment objectives, strategy and benchmarks, the permitted types or categories of investments, the markets in which transactions may be undertaken, the level of permitted gearing and borrowings, the amount or proportion of the assets that may be invested in any category of investment or in any one investment, and the Company's treasury and share buyback policies.

The Investment Management Agreement between the Company and the Investment Manager sets out the limits of the Investment Manager's authority, beyond which Board approval is required. The Board has also agreed detailed investment guidelines with the Investment Manager, which are considered at each Board meeting. The Investment Manager is generally responsible for routine announcements of information but the Board is responsible for communications regarding major corporate issues.

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

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

At Board meetings the Directors are given key information on the Company's regulatory and statutory requirements as they arise, including information on the role of the Board, matters reserved for its decision, the terms of reference for the Board Committees, the Company's corporate governance practices and procedures and the latest financial information. It is the Chairman's responsibility to ensure that the Directors have sufficient knowledge to fulfil their role and Directors are encouraged to participate in training courses where appropriate.

The Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that the directors are aware of the procedures to be followed. The Company Secretary is also responsible for ensuring good information flows between all parties.

Board Committees

There are four Board committees in operation: the Audit Committee, Management Engagement Committee, Remuneration Committee and Nomination Committee. The chairmanship and membership of each Committee throughout the year, and the number of meetings held during the year, are shown in the table below. A summary of the duties of each of the Committees is provided below. The terms of reference can be obtained from the Company's Administrator.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CORPORATE GOVERNANCE STATEMENT (continued)

Audit Committee

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

The Audit Committee is responsible for monitoring the process of production and ensuring the integrity of the Company's Financial Statements and advises the Board whether the Annual Report and Financial Statements are fair, balanced and understandable.

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

The Audit Committee is also responsible for recommending to the Board the valuation of investments. In seeking to determine the fair value of the Company's operating asset, structured and private equity investments, the Committee reviews the reports of independent valuation specialists as well as reviewing the Investment Manager's valuation process. Each individual valuation is reviewed in detail and, where an Independent Valuer has been retained, their recommendation may be accepted or modified. Refer to note 3 to the Financial Statements for further information on the valuation of investments held by the Company.

As set out under Internal Controls and Risk within the Corporate Governance Statement, the Company's risk exposure and the effectiveness of its risk management and internal control systems are reviewed by the Audit Committee and considered by the Board at each scheduled meeting. An internal audit function specific to the Company is considered unnecessary as all operations are outsourced to third parties.

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

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

Management Engagement Committee

The Management Engagement Committee comprises all of the Directors and is chaired by Julian Healy. The Committee's responsibilities include reviewing the performance of the Investment Manager under the Investment Management Agreement and considering any variation to the terms of the agreement. The Management Engagement Committee also reviews the performance of the Company Secretary, Corporate Brokers, Custodian, Administrator, Registrar and other service providers and any matters concerning their respective agreements with the Company.

Remuneration Committee

The Remuneration Committee comprises all of the Directors and is chaired by Thuy Bich Dam. As the Board consists of five members, all of whom are non-executive, and committee meetings are generally arranged to coincide with Board meetings, the Board has decided that it is appropriate that all Directors should be members of the Remuneration Committee. The Committee's responsibilities include recommending to the Board the policy for the remuneration of the Company's Chairman, the Audit Committee Chairman and the remaining non-executive Directors, and reviewing the ongoing appropriateness and relevance of the remuneration policy; determining the individual remuneration of each non-executive Director; and the selection and appointment of any remuneration consultants who advise the Committee.

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CORPORATE GOVERNANCE STATEMENT (continued)

Nomination Committee

The Nomination Committee comprises all of the Directors and is chaired by Steven Bates. As the Board consists of five members, all of whom are non-executive, and committee meetings are generally arranged to coincide with Board meetings, the Board has decided that it is appropriate that all Directors should be members of the Nomination Committee. The Committee's responsibilities include reviewing the structure, size and composition of the Board and making recommendations to the Board in respect of any changes; succession planning for the Chairman and the remaining non-executive Directors; making recommendations to the Board concerning the membership and chairmanship of the Board committees; identifying and nominating for the approval of the Board candidates to fill Board vacancies; and, before any new appointment is recommended, evaluating the balance of skills, knowledge, experience and diversity within the Board and preparing an appropriate role description. The Chairman absents himself from discussions on succession to his own role.

Board and Committee Meetings

During the year ended 30 June 2020, the number of scheduled Board and Committee meetings attended by each Director was as follows:

	Board Meetings	Audit Committee Meetings	Management Engagement Committee Meetings	Nomination Committee Meetings	Remuneration Committee Meetings
Number of meetings	4	3	2	1	1
<i>Attendance</i>					
Steven Bates	4	3	2	1	1
Thuy Bich Dam	4	3	2	1	1
Huw Evans	4	3	2	1	1
Julian Healy	4	3	2	1	1
Kathryn Matthews	4	3	2	1	1

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

Appointment of new Directors

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

Board Performance

The Board has a formal process to evaluate its own performance and that of its Chairman annually. The provisions of the AIC Code require a FTSE 350 company to have its annual evaluation carried out in conjunction with an independent agency every three years. The last review was carried out in 2019 by the Company's external evaluator, Lintstock Ltd. There are no other connections between Lintstock Ltd, the Company and any members of the Board. Following this review, the Board is satisfied that the structure, mix of skills and operation of the Board continue to be effective and relevant for the Company.

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CORPORATE GOVERNANCE STATEMENT (continued)

Internal Controls and Risk

(i) Risk Management System

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

Regular risk assessments and reviews of internal controls are undertaken by the Audit Committee in the context of the Company’s investment policy. At each meeting, the Board considers both previously identified and emerging risks. The Administrator and Corporate Secretary and other service providers are also encouraged to provide their views on emerging risks. The reviews cover the strategic, investment, operational and financial risks facing the Company. In arriving at its judgement of the risks which the Company faces, the Board has considered the Company’s operations in light of the following factors:

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

(ii) Internal Control Assessment Process

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

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

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

- investment management is provided by the Investment Manager. The Board is responsible for the overall investment policy and monitors the investment performance, actions and regulatory compliance of the Investment Manager at regular meetings;
- accounting for the Company and subsidiaries is provided by Aztec Group;
- the provision of fund administration is provided by Aztec Group;
- custody of all listed and unlisted assets is undertaken by Standard Chartered Bank;
- the Management Engagement Committee monitors the contractual arrangements with each of the key service providers and their performance under these contracts;
- mandates for authorisation of investment transactions and expense payments are set by the Board and documented in the Investment Management Agreement;
- the Board receives financial information produced by the Investment Manager on a regular basis. Board meetings are held at least four times per year to review such information; and
- actions are taken to remedy any significant failings or weaknesses, if identified.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CORPORATE GOVERNANCE STATEMENT (continued)

Internal Controls and Risk (continued)

(iii) Risk management

For the purposes of making the Viability Statement, the Board has undertaken a robust review of the principal risks and uncertainties facing the Company including those that would threaten its business model, future performance, solvency or liquidity. The risk matrix and heat map prepared by the Investment Manager and subject to detailed scrutiny by the Audit Committee are the key tools in this review, along with a mechanism at each Board meeting to consider whether any emerging risks have become apparent. Those principal risks are described in the following table together with a description of the mitigating actions taken by the Board.

	<i>COVID-19 pandemic</i>	
Description		Mitigating Action
<p>The novel COVID-19 virus was first identified in China in late 2019 and, despite efforts to contain the spread of COVID-19, outbreaks occurred around the world in the first quarter of 2020. The developing pandemic was identified as an emerging risk by the Investment Manager in late 2019.</p>		<p>In seeking reassurance on the continuing operation of the Company, the Board worked closely with the Investment Manager and the Administrator to ensure that the portfolio could continue to be managed effectively and the Company could continue to operate despite restrictive measures on movement imposed to contain the outbreak.</p>
<p>A pandemic such as this affects both (i) the management and operations of the Company and (ii) the Company's investments.</p>		<p>The Investment Manager focused its attention on the likely effects of the outbreak on investee companies in the first quarter of 2020. The Board arranged additional briefings from the Investment Manager to ensure regular communication and oversight as the COVID-19 outbreak developed. The Board notes that the Investment Manager was able to execute purchases and sales of both listed and of privately owned companies at the height of the pandemic and was reassured by the Investment Manager's ability to continue to operate "business as usual". The Audit Committee, as part of its regular risk monitoring activity, also received reassurances that the operations of its other key service providers were able to continue and that appropriate controls were in place despite travel and other restrictions.</p>
<p>While the pandemic was effectively controlled in both Vietnam and in Guernsey, there is a continuing risk of further outbreaks. Further, Vietnam is heavily dependent on global trade for its continuing economic development and so the continuing pandemic could affect the performance of the Company's investments.</p>		<p>The Board also notes that the actions taken by the governments of Vietnam and Guernsey were very effective – much more so than many other countries – in containing the spread of COVID-19 in their local populations.</p>
		<p>While the Company and its key service providers have dealt well with the effects of the pandemic, the Board remains alert to the continuing risks and will continue to monitor the situation closely and will take action if and when necessary.</p>

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CORPORATE GOVERNANCE STATEMENT (continued)

Internal Controls and Risk (continued)

(iii) Risk management (continued)

	<i>Vietnamese Market Risk</i>	
Description		Mitigating Action
Opportunities for the Company to invest in Vietnam have come about through the liberalisation of the Vietnamese economy. Were the pace or direction of change to the economy to alter in the future, the interests of the Company could be damaged.		The Board is regularly briefed on political and economic developments by the Investment Manager. The Investment Manager publishes a monthly report on the Company which includes information and comment on macroeconomic and, where relevant, political developments relating to Vietnam.
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.		In the year under review, as well as at its regular scheduled meetings the Board held additional ad hoc meetings with the Investment Manager to discuss the potential effects of the COVID-19 pandemic on Vietnamese market risk. At these meetings it reviewed with the Investment Manager any tactical changes to the investment portfolio which may be necessary.
As Vietnam emerges as a nation and becomes increasingly connected with the rest of the world, significant world events will have a more significant impact on the country. The consequences of these events are not always known and in the past have led to increased uncertainty and volatility in the pricing of investments.		
The economy could also be affected by any escalation in geopolitical tensions in the region and elsewhere.		

	<i>Changing investor sentiment</i>	
Description		Mitigating Action
As a Company investing mainly in Vietnam, changes in investor sentiment towards Vietnam and/or frontier markets may lead to the Company becoming unattractive to investors leading to reduced demand for its shares and a widening discount.		The Investment Manager has an active Investor Relations programme, keeping Shareholders and other potential investors regularly informed on Vietnam in general and on the Company's portfolio in particular. At each Board meeting the Board receives reports from the Investment Manager, from the Broker and from the UK Marketing and Distribution partner, Frostrow Capital LLP, and is updated on the composition of, and any movements in, the Shareholder register. The Board also communicates regularly with major Shareholders directly, independent of the Investment Manager.
		In seeking to make the Company attractive to investors seeking an income the Board has resolved to pay regular dividends.
		In seeking to close the discount, the Board has also approved and implemented an extensive share buy-back programme, the details of which are set out in note 11 of the Financial Statements.
		During the second half of the accounting year, the COVID-19 pandemic precluded meetings in person with existing and potential Shareholders but a number of telephone and video conferences were arranged.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CORPORATE GOVERNANCE STATEMENT (continued)

Internal Controls and Risk (continued)

(iii) Risk management (continued)

Description	<i>Investment Performance</i>	Mitigating Action
The performance of the Company's investment portfolio could be poor, either absolutely or in relation to the Company's peers.	The Board monitors the allocation of the Company's portfolio to the various sectors and classes of assets and receives regular reports on the performance of the portfolio and on those underlying assets. The Investment Manager attends all Board meetings and, in previous years, the Board has visited Vietnam for more detailed meetings, including with investee companies, twice each year. Since the Board's last visit in October 2019, in-person contact has been suspended as a result of the global COVID-19 pandemic, but the Investment Manager has provided more frequent reports to the Board by video conference.	

Description	<i>Fair Valuation</i>	Mitigating Action
The risks associated with the fair valuation of the portfolio could result in the NAV of the Company being misstated.	The Board reviews the fair valuation of the listed and unlisted investment portfolio with the Investment Manager at each Board meeting and focuses in particular on any unexpected or sharp movements in market prices.	The Board reviews the fair valuation of the listed and unlisted investment portfolio with the Investment Manager at each Board meeting and focuses in particular on any unexpected or sharp movements in market prices.
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 weekly, monthly and year-end NAV calculations are prepared by the Company's Administrator and reviewed by the Investment Manager.	The weekly, monthly and year-end NAV calculations are prepared by the Company's Administrator and reviewed by the Investment Manager.
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 Board has appointed independent external valuers to assist in determining fair values of certain of the operating asset, structured and private equity investments in accordance with International Financial Reporting Standards.	The Board has appointed independent external valuers to assist in determining fair values of certain of the operating asset, structured and private equity investments in accordance with International Financial Reporting Standards.
The fair valuation of operating assets, structured and private equity investments is carried out according to international valuation standards but the investments are not readily liquid and may not be immediately realisable at the stated carrying values.	The independent external valuers determine the fair value of the operating asset and certain private equity and structured investments at the year end. The remaining valuations are estimated by the Investment Manager using pricing analysis and discounted cash flows and, in all cases, valuations are approved by the Board.	The independent external valuers determine the fair value of the operating asset and certain private equity and structured investments at the year end. The remaining valuations are estimated by the Investment Manager using pricing analysis and discounted cash flows and, in all cases, valuations are approved by the Board.
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.		

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CORPORATE GOVERNANCE STATEMENT (continued)

Internal Controls and Risk (continued)

(iii) Risk management (continued)

Investment Management Agreement

Description	Mitigating Action
<p>The Investment Management Agreement requires the Investment Manager to provide competent, attentive, and efficient services to the Company. If the Investment Manager was not able to do this or if the Investment Management Agreement were terminated, there could be no assurance that a suitable replacement could be found and, under those circumstances, the Company would suffer.</p>	<p>The Board maintains close contact with the Investment Manager and key personnel of the Investment Manager attend each Board meeting. In the past either the Board has visited Vietnam or representatives of the Investment Manager have travelled to Board meetings in Europe. Travel has been suspended as a result of the global COVID-19 pandemic, but the Investment Manager has provided more frequent reports to the Board by video conference.</p> <p>The Board reviews the performance of the Investment Manager annually and provides feedback to the Investment Manager on matters that could be improved.</p>

Operational

Description	Mitigating Action
<p>The Company is dependent on third parties for the provision of all systems and services (in particular, those of the Investment Manager and the Administrator) and any control failures or gaps in these systems and services could result in a loss or damage to the Company.</p>	<p>The Board receives regular reports from the Investment Manager on its internal policies, controls and risk management. It also receives an annual assurance from the Investment Manager on the adequacy and effectiveness of its internal controls.</p> <p>The Board has taken measures to ensure segregation of functions by appointing Aztec Group as an independent administrator and Standard Chartered Bank as custodian for those assets which can be held by a third party custodian. Further details of the internal controls which are in place are set out within the Report of the Board of Directors.</p>

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CORPORATE GOVERNANCE STATEMENT (continued)

Internal Controls and Risk (continued)

(iii) Risk management (continued)

Description	Legal and Regulatory	Mitigating Action
Failure to comply with relevant regulation and legislation in Vietnam, Guernsey, Singapore, the British Virgin Islands or the UK may have an impact on the Company.		The laws and regulations in Vietnam continue to develop. The Investment Manager maintains a risk and compliance department which monitors compliance with local laws and regulations as necessary. Locally based external lawyers (typically members of major international law firms) are engaged to advise on portfolio transactions where necessary.
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.		As to its non-Vietnamese regulatory and legal responsibilities: (i) the Company is administered in Guernsey by Aztec Group which reports to the Board at each Board meeting on Guernsey compliance matters and more general issues applicable to Guernsey companies listed on the LSE, and (ii) the Investment Manager monitors legal, regulatory and tax issues in Singapore and the BVI, where the Company owns subsidiaries.
		The Investment Manager and other service providers confirm to the Board at least annually that they maintain anti-bribery and corruption policies and would disclose if there had been any breaches of these policies.

(iv) Internal Audit Function

The Audit Committee has reviewed the need for an internal audit function for the Company itself. The Committee has concluded that the systems and procedures employed by the Investment Manager and the Administrator, including their own internal audit functions, currently provide sufficient assurance that a sound system of internal control, which safeguards the Company's assets, is maintained. As all operations of the Company are outsourced to third parties, an internal audit function specific to the Company is therefore considered unnecessary. The Investment Manager has appointed KPMG Vietnam as its internal auditor.

Directors' Dealings

The Company has adopted a Code of Directors' Dealings in Securities.

Relations with Shareholders

A detailed analysis of the substantial Shareholders of the Company is provided to the Directors at each Board meeting. The Chairman and representatives of the Investment Manager are available to meet Shareholders to discuss strategy and to understand any issues and concerns which they may have and, if appropriate, to discuss corporate governance issues. The results of such meetings are reported at the following Board meeting.

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CORPORATE GOVERNANCE STATEMENT (continued)

Relations with Shareholders (continued)

Shareholders wishing to communicate with the Chairman, or any other member of the Board, may do so by writing to the Company, for the attention of the Company Secretary, at the Registered Office. The Directors welcome the views of all Shareholders and place considerable importance on communications with them. Huw Evans is the Senior Independent Director of the Company, and Shareholders can contact Mr Evans via the Company Secretary or the Company's brokers if they have concerns which cannot be addressed through the normal channels.

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

The Company's website, <https://vof.vinacapital.com>, is updated regularly with monthly factsheets and provides information about the Company including the Company's financial reports and announcements.

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

International Tax Reporting

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

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

The Company made its latest report for CRS to the Guernsey Director of Income Tax in June 2020.

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

Share Capital and Treasury Shares

The number of shares in issue at the year-end is disclosed in note 11 to the Financial Statements.

Directors' Interests in the Company

As at 30 June 2020 and 30 June 2019, the interests of the Directors in shares of the Company are as follows:

	Shares held as at 30 June 2020	Percentage of total shares at 30 June 2020	Shares held as at 30 June 2019	Percentage of total shares at 30 June 2019
Steven Bates	25,000	0.014%	25,000	0.014%
Thuy Bich Dam	-	-	-	-
Huw Evans	35,000	0.020%	35,000	0.019%
Julian Healy	15,000	0.009%	15,000	0.008%
Kathryn Matthews	9,464	0.005%	-	-

There have been no changes to any holdings between 30 June 2020 and the date of this report.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CORPORATE GOVERNANCE STATEMENT (continued)

Substantial Shareholdings

As at 30 June 2020 and 30 September 2020, the Directors are aware of the following Shareholders with holdings of more than 3% of the ordinary shares of the Company:

Shareholder	30 June 2020		30 September 2020	
	Number of ordinary shares	Percentage of issued share capital	Number of ordinary shares	Percentage of issued share capital
Lazard Asset Management	23,022,123	13.07%	* 22,935,135	13.31%
City of London Investment Management	19,557,418	11.10%	22,458,233	13.03%
Hargreaves Lansdown	7,296,067	4.14%	7,433,258	4.31%
TT International	7,124,458	4.04%	N/A	N/A
Janus Henderson Investors	6,514,313	3.70%	7,008,313	4.07%
BlackRock	6,232,097	3.54%	4,944,545	2.87%
UBS Wealth Management	5,568,842	3.16%	5,478,412	3.18%
Wells Capital Management	N/A	N/A	5,288,019	3.07%

* This is the number of shares at 25 September 2020.

Annual General Meeting (“AGM”)

The Company’s next AGM is due to be held in Guernsey at the offices of Aztec Group at 10:00 a.m. on 4 December 2020.

Ongoing Charges

Ongoing charges are the recurring expenses incurred by the Company excluding one-off expenses. Ongoing charges for the years ended 30 June 2020 and 30 June 2019 have been prepared in accordance with the AIC’s recommended methodology. The ongoing charges excluding incentive fees for the year ended 30 June 2020 were 1.70% (30 June 2019: 1.70%). Ongoing charges including incentive fees for the year ended 30 June 2020 were 1.39% (30 June 2019: 1.39%). The figures for ongoing charges including incentive fees are lower than those excluding incentive fees because incentive fees previously accrued at each year end were clawed back.

Going Concern and Viability Statement

The Company is exposed to a number of principal risks and uncertainties as listed in the Report of the Board of Directors and, as noted, the Directors monitor and assess these risks on a regular basis. The Directors confirm that they believe that their assessment of the principal risks facing the Company is robust and, for the purposes of complying with the AIC Code, that they have assessed the viability of the Company over the three years to 30 June 2023. The Directors consider this period sufficient given the inherent uncertainty of the investment world and the specific issues which the Company faces in investing in Vietnam.

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

The Directors believe that, having considered the Company’s investment objective (see Investment Policy), financial risk management and associated risks and in view of the liquidity of investments, the income deriving from those investments and its holding in cash and cash equivalents, the Company has adequate financial resources and suitable management arrangements in place to continue in operational existence for a period of at least twelve months from the date of approval of these financial statements and therefore the financial statements have been prepared on a going concern basis.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CORPORATE GOVERNANCE STATEMENT (continued)

Going Concern and Viability Statement (continued)

In making these statements the Directors have considered the continuing effects of the COVID-19 pandemic. Statements can only be made based on information available at the time of publishing this report. The extent and duration of the COVID-19 pandemic and its consequences for the global economy cannot be predicted. Nevertheless, the Directors note that:

- As set out under Risk Management the Investment Manager was able to execute purchases and sales both of listed and of privately owned companies at the height of the pandemic and was reassured by the Investment Manager's ability to continue to operate "business as usual".
- As at 30 June 2020, the Company and its subsidiaries held cash balances totaling USD30.8 million.
- As at 23 October 2020, being the latest practicable date before the publication of this report, the Company and its subsidiaries held cash balances totaling USD18.6 million.
- The Company and its subsidiaries have no long-term debt and short term liabilities are a fraction of the available cash balances.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors (the “Board”) submits its Annual Report together with the Audited Financial Statements (the “Financial Statements”) of the Company for the year ended 30 June 2020.

The Company is registered in Guernsey as a closed-ended investment scheme with limited liability. The registered office of the Company is PO Box 656, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3PP.

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

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

Principal Activities

Through its investments in subsidiaries and associates, the Company’s objective is to achieve medium to long-term returns through investment either in Vietnam or in companies with a majority of their assets, operations, revenues or income in, or derived from, Vietnam.

Life of the Company

The Company does not have a fixed life but the Board considers it desirable that Shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, the Board intends that every fifth year a special resolution will be proposed that the Company ceases to continue. If the resolution is not passed, the Company will continue to operate as currently constituted. If the resolution is passed, the Directors will be required to formulate proposals to be put to Shareholders to reorganise, unitise or reconstruct the Company or for the Company to be wound up. The Board tabled such resolutions in 2008, 2013 and 2018 and on each occasion the resolution was not passed, allowing the Company to continue as currently constituted. The next such resolution will be put to Shareholders in 2023.

Investment Policy and Valuation Policy

The Company’s investment objective and investment policy are set out earlier in the Financial Statements. The accounting policy for valuations can be found in note 2 to the Financial Statements.

Performance

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

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

- the movement in the Company’s NAV;
- the movement in the Company’s share price; and
- discount of the share price in relation to the NAV.

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

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

Distribution Policy

Dividend Policy

In August 2017, the Company declared its first dividend.

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

REPORT OF THE BOARD OF DIRECTORS (continued)

Distribution Policy (continued)

At that time this corresponded to a dividend of USD5.5 cents per share in respect of each half year. Although the NAV had fallen since that time, the Board has continuing confidence in the future of the Company and intends to maintain a dividend of USD5.5 cents for each half year.

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

Share Buybacks

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

Discount Management

The Board will continue to operate the share buyback programme in an effort to ensure that the share price more closely reflects the underlying NAV per share.

The Board will continue to retain responsibility for setting the parameters for the discount management policy, for overseeing the management of the buyback programme and for ensuring that its policy is implemented. The Board intends to continue to seek to narrow the discount through the continued use of share buybacks and active marketing of the Company. The Board's objective is to achieve a narrowing of the discount in a manner that is sustainable over the longer term. The Board and the Investment Manager intend to consult regularly with Shareholders with a view to assessing and improving the effectiveness of the buyback programme. Further comments on the buyback programme are set out in the Chairman's Statement.

Refer to note 11 of the Financial Statements for details of share buybacks during the year under review.

Subsequent Events after the Reporting Date

On 26 October 2020, the Board declared a dividend of 5.5 US cents per share. The dividend is payable on or around 25 November 2020 to Shareholders on record at 6 November 2020.

On behalf of the Board



Steven Bates

Chairman

VinaCapital Vietnam Opportunity Fund Limited

26 October 2020

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

The Directors are responsible for the oversight of the maintenance and integrity of the corporate and financial information in relation to the Company's website; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In preparing the Financial Statements the Directors are required to:

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

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

Responsibility Statement of the Directors in Respect of the Financial Statements

The Directors consider that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide information necessary for Shareholders to assess the Company's position, performance, business model and strategy. Each of the Directors confirms to the best of each person's knowledge and belief that:

- a) the Financial Statements have been prepared in accordance with IFRS and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as at and for the year ended 30 June 2020; and
- b) the Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces as required by DTR 4.1.8R and DTR 4.1.11R.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)

Directors' Statement

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

On behalf of the Board



Steven Bates

Chairman

VinaCapital Vietnam Opportunity Fund Limited

26 October 2020

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

REPORT OF THE AUDIT COMMITTEE

On the following pages, we present the Report of the Audit Committee (the “Committee”) for the year ended 30 June 2020, setting out the Committee’s structure and composition, principal duties and key activities during the year. As in previous years, the Committee has reviewed the Company’s financial reporting, the independence and effectiveness of the External Auditor and the internal control and risk management systems of the service providers.

Structure and Composition

The Committee is chaired by Huw Evans. All other Directors of the Company are members of the Committee. Each member of the Board of Directors, including the Chairman, is considered to have extensive knowledge of the financial services industry and it is therefore deemed appropriate that all Directors are members of the Audit Committee.

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

The Committee conducts formal meetings at least three times a year. The table in the Report of the Board of Directors sets out the number of Committee meetings held during the year ended 30 June 2020 and the number of such meetings attended by each committee member. The External Auditor is invited to attend those meetings at which the annual and interim reports are considered. The External Auditor and the Audit Committee Chairman meet every year without the presence of either the Administrator or the Investment Manager and at other times if the Committee deems this to be necessary.

Principal Duties

The role of the Committee includes:

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

External Auditor

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

The independence and objectivity of the External Auditor is reviewed by the Committee, which also reviews the terms under which the External Auditor is appointed to perform any non-audit services. The Committee has established policies and procedures governing the engagement of the External Auditor to provide non-audit services. These are that the External Auditor may not provide a service which:

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

REPORT OF THE AUDIT COMMITTEE (continued)

External Auditor (continued)

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

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

Key Activities

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

Risk Management

The Committee received and reviewed detailed reports on the principal risks facing the Company from the Investment Manager. The Committee's reviews focused on changes to the risks and also considered whether the Company was subject to any new or emerging risks, taking account of the views of the Investment Manager, of other service providers and of Committee members' own awareness of issues which may affect the Company. In the year under review, particular attention was paid to risk associated with the COVID-19 pandemic.

Significant Financial Statement Issue

Valuation of Investments:

The fair value of the Company's investments at 30 June 2020 was USD870.5 million accounting for 99.1% of the Company's assets (30 June 2019: USD983.0 million and 98.4%, respectively).

In relation to the listed and unlisted investments, the Committee confirmed that the Investment Manager has used the market values published by the relevant stock exchanges as at the Statement of Financial Position date.

In relation to the operating asset, structured and private equity investments, the Committee ensured that the Investment Manager and, where relevant, the Independent Valuer have applied appropriate valuation methodologies.

Members of the Committee meet the Independent Valuer and the Investment Manager at least annually to discuss the valuation process. The Committee gains comfort in the valuations produced by reviewing the methodologies used. The methodologies and valuations were discussed and subsequently approved by the Committee in meetings with the Independent Valuer and the Investment Manager in September and October 2020.

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

Effectiveness of the Audit

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

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

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

REPORT OF THE AUDIT COMMITTEE (continued)

Key Activities (continued)

Effectiveness of the Audit (continued)

As part of the evaluation, the Committee has also considered the results of the review undertaken by the FRC's Audit Quality Review team (the "AQR team") of PwC CI's audit of the Company's financial statements for the year ended 30 June 2019. The Committee received a copy of the results and discussed these with PwC CI. The Committee is pleased to note that none of the AQR team's findings were considered to be of sufficient significance to be included in the AQR team's report. Additionally, the AQR team's report noted that they considered PwC CI's audit work relating to the valuation of investments to be of a high standard.

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

Audit fees and Safeguards on Non-Audit Services

The table below summarises the remuneration paid by the Company to PwC CI and to other PwC member firms for audit and non-audit services during the years ended 30 June 2020 and 30 June 2019.

	Year ended 30 June 2020 USD'000	Year ended 30 June 2019 USD'000
Audit and assurance services		
- Annual audit	346	276
- Interim review	80	82
Total	426	358

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

Conclusion and Recommendation

On the basis of its work carried out over the year, and assurances given by the Investment Manager and the Administrator, the Committee is satisfied that the Financial Statements appropriately address the critical judgements and key estimates (both in respect of the amounts reported and the disclosures). The Committee is also satisfied that the significant assumptions used to determine the values of assets and liabilities have been appropriately scrutinised and challenged and are sufficiently robust. At the request of the Board, the Committee considered and were satisfied that the 30 June 2020 Annual Report and Financial Statements were fair, balanced and understandable and that they provided the necessary information for Shareholders to assess the Company's performance, business model and strategy.

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

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

Huw Evans

Audit Committee Chairman

26 October 2020

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

DIRECTORS' REMUNERATION REPORT

Introduction

An ordinary resolution for the approval of the Directors' Remuneration Report will be put to the Shareholders at the AGM to be held on 4 December 2020.

Policy on Directors' Fees

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

Independent Directors' Fees

The fees for the independent Directors are determined within the limit set out in the Company's Articles of Incorporation, which provide that the aggregate total remuneration paid to independent Directors shall not exceed USD500,000 (or such higher amount as may be approved by the Company in a general meeting) in respect of any 12-month period. At the AGM on 10 December 2018, a resolution was approved by Shareholders to increase the maximum aggregate total remuneration to USD650,000.

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

For the year ended 30 June 2020, with one exception, Directors' individual annual remuneration remained the same as the previous year, the fees being USD90,000 for the Chairman and USD75,000 for the independent Directors, with USD5,000 for membership of the Audit Committee and USD15,000 for chairmanship of the same. The Remuneration Committee and the Board agreed to increase Julian Healy's fee by USD10,000 per annum with effect from 1 January 2020 as compensation for his attendance as an observer at regular meetings of the Investment Manager's Investment Committee.

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

Directors' Emoluments for the Year

The Directors over the past two years have received the following emoluments in the form of fees:

	Annual fee USD	Year ended	
		30 June 2020 USD	30 June 2019 USD
Steven Bates	95,000	95,000	95,000
Martin Adams (retired 10 December 2018)	80,000	-	35,562
Thuy Bich Dam	80,000	80,000	80,000
Julian Healy (appointed 23 July 2018) *	90,000	85,000	75,342
Huw Evans	90,000	90,000	90,000
Kathryn Matthews (appointed 10 May 2019)	80,000	80,000	11,397
		430,000	387,301

* Mr Healy's annual fee was increased to USD90,000 per annum with effect from 1 January 2020.

On behalf of the Board

Thuy Bich Dam

Chair

Remuneration Committee

26 October 2020

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

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

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of VinaCapital Vietnam Opportunity Fund Limited (the "Company") as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 30 June 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

Our audit approach

Context

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

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

Our approach is largely consistent with the prior year, however, we have added a new key audit matter in relation to the considerations of the impact of COVID-19. Additionally, the calculation of incentive fees payable to the Investment Manager, which was highlighted as a key audit matter in our 2019 report, was an area of lower risk in 2020 and is not included as a key audit matter in the 2020 report.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

Overview



Materiality

- Overall group materiality was USD8.8 million (2019: USD9.8 million) which represents 1% of net assets (2019: 1% of net assets).

Audit scope

- The principal activity of the Company comprises investing in a diversified portfolio of investments in Vietnam (referred to as “underlying investments”) through a structure of unconsolidated intermediate holding companies.
- In establishing the overall approach to the Company’s audit, we determined the type of work that needed to be performed by us or by any assisting teams from other PwC network firms.
- We tailored the audit scope taking into account the type of underlying investments held, the accounting processes and controls operated by the Company and the overall market to which the Company is exposed through its underlying investments.
- We conducted our audit of the financial information and records provided by Aztec Financial Services (Guernsey) Limited (the “Administrator”) to whom the Board of Directors has delegated the provision of administrative functions. The Company and the unconsolidated intermediate holding companies are administered by the Administrator as such all financial information and records are available in Guernsey. We also had significant interaction with the Investment Manager in completing aspects of our overall audit work.

Key audit matters

- Valuation of financial assets at fair value through profit or loss
 - Consideration of the impact of COVID-19
-

Audit scope

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

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

Materiality

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

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

<i>Overall company materiality</i>	USD8.8 million (2019: USD9.8 million)
<i>How we determined it</i>	1% of net assets (2019: 1% of net assets)
<i>Rationale for the materiality benchmark</i>	We believe that net assets is the most appropriate benchmark because this is the key metric of interest to shareholders. It is also a generally accepted measure used for companies in this industry.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above USD438,000 (2019: USD490,000), as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

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

<i>Key audit matter</i>	<i>How our audit addressed the Key audit matter</i>
<p><i>Valuation of financial assets at fair value through profit or loss</i></p> <p>As detailed in notes 3 and 8 to the financial statements, the Company's financial assets at fair value through profit or loss amount to USD870.5 million as at 30 June 2020 (2019: USD983.0 million) and comprise the Company's holdings in direct and indirect subsidiaries and associates, investing in a pool of capital markets, private equity and operating asset investment opportunities in Vietnam.</p> <p>We focused on this balance as it represents the principal element of the net asset value as disclosed on the Statement of Financial Position as at 30 June 2020 as well as being a key contributor to the Company's performance during the year.</p> <p>The fair value disclosed has been determined based on the fair value of (1) the underlying capital markets, private equity and operating asset investment held and (2) the other residual net assets within subsidiaries and associates as at 30 June 2020. Further details, including the risks considered are as follows:</p> <p><i>(a) Valuation of underlying listed and unlisted capital markets investments</i></p> <p>As at 30 June 2020 the listed and unlisted portion of the capital markets portfolio was fair valued at USD600.0 million (2019: USD785.9 million), representing 68.9% (2019: 79.9%) of the Company's total financial assets at fair value through profit or loss. The fair value of these investments is based upon the quoted market</p>	<ol style="list-style-type: none"> 1. We updated and reconfirmed our understanding and evaluation of the Company's processes and internal controls in so far as they apply to investment valuations, the valuation models used and the areas where significant judgements and estimates are made; 2. We attended relevant valuation meetings to understand and observe the Company's process of challenging and approving the valuations prepared by the Investment Manager and those prepared by the independent valuation experts engaged by the Board; 3. Confirmed the Company's ownership of the direct and indirect subsidiaries and associates by obtaining confirmations from the independent appointed registered agents; 4. On a sample basis, agreed the additional contributions made by the Company to its directly held subsidiaries and associates as well as the return of capital received by the Company from these entities to relevant supporting agreements and similar legal documentation; 5. For the valuation of underlying listed and unlisted capital markets investments, we performed the following: <ul style="list-style-type: none"> • Independently re-priced all of the listed and unlisted capital markets investments which are traded in active markets to the quoted market prices per the relevant Stock Exchange at the close of trading relevant to

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

prices per the relevant Stock Exchange at the close of trading relevant to 30 June 2020, or where applicable, relevant and reliable broker quotes at this date.

There is a risk that the fair valuation of the capital markets portfolio may be materially misstated as a result of the incorrect application of period end market prices or exchange rates to USD or incorrect judgements made as to whether the market in which the investments trade is actually active and the consequent reliance on the closing quoted market prices. There is also a risk that in fair valuing the unlisted capital markets investments, that inappropriate broker quotes may be used which are not indicative of prices at which the investments could be traded at in the market.

(b) Valuation of underlying operating asset and private equity investments

As at 30 June 2020 the underlying operating asset and private equity investments were fair valued at USD233.4 million (2019: USD165.4 million), representing 26.8% (2019: 16.8%) of the Company's total financial assets at fair value through profit or loss.

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

Operating asset investment

- Property valuations provided by independent specialist appraisers. These valuations are based on judgements and assumptions as to the local market which are subject to uncertainty and might result in valuations which differ materially from those that would have been achieved in an actual disposal of the underlying operating asset investment as at 30 June 2020; and
- Valuation experts were engaged by the Board to review the findings of the independent specialist appraisers. The valuation experts combined their findings with the residual net assets of the relevant holding companies and reviewed and opined on the overall operating asset investment projects' fair value.

Private equity investments

- Fair values determined by valuation experts engaged by the Board using industry standard private equity valuation techniques adjusted for the relevant holding companies' residual net assets;
- Fair values derived from internal desktop valuations prepared using industry standard private equity valuation techniques adjusted for the relevant

30 June 2020;

- For those capital market investments fair valued using broker quotes, we challenged the Investment Manager to justify their use of specific brokers, their independence and competence to provide that quotation. Additionally, we also sighted the original broker quotes received by the Investment Manager to substantiate the prices used at 30 June 2020, independently obtained price confirmations from selected brokers and performed our own assessment of the brokers' independence, objectivity and competence as well as assessing the authenticity of the documentation from the brokers;
 - Recalculated the fair values to USD, where required, by independently verifying to external sources the use of appropriate exchange rates;
 - Obtained confirmation from the Custodian of all capital markets investments held at the period end and agreed these to the Company's records; and
 - Reviewed the trading volumes to assess whether these supported the use of the quoted market price as a basis for the year-end fair values.
6. For the valuation of underlying operating asset and private equity investments, we performed the following:
- Obtained and reviewed the final reports issued by the Company's specialist independent appraiser for the operating asset investment and those issued by the valuation experts to the Board for the private equity investments so as to understand the assumptions, judgements and valuation methodologies adopted to determine fair value for those specific operating asset and private equity investments;
 - Engaged internal PwC valuation experts to provide audit support reviewing and concluding on the fair valuations of the private equity investments. The PwC valuation experts (a) reviewed the appropriateness of valuation methodologies and approaches and (b) reviewed and commented on the computation of the discounted cash flow valuation models which were adopted by the Company's valuation experts, including significant assumptions such as cash flow projections, discount rates and terminal growth rates;

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

holding companies' residual net assets and reliance on legally executed sales and purchase agreements completed post year end which provided evidence of fair value as at 30 June 2020.

There is a risk that the fair valuation of the operating asset and private equity investments may be materially misstated as these fair values rely on the proper determination of an appropriate valuation methodology, the use of judgemental inputs as well as the skill and knowledge of the Investment Manager, independent specialist appraisers and valuation experts engaged by the Board to develop and opine on these model based valuations.

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

(c) Valuation of other residual net assets

Other residual net assets held as a component of financial assets at fair value through profit or loss comprise cash and cash equivalents USD23.5 million (2019: USD16.9 million) and other assets net of other liabilities of USD13.6 million (2019: USD14.8 million).

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

- Obtained satisfactory explanations when challenging the assumptions made by the independent specialist appraisers, valuation experts and Investment Manager in the applicable valuation models;
- Tested the mathematical accuracy of the valuation models and verified the significant inputs into the models by agreement to third party sources where applicable;
- For private equity investments fair valued using legally executed sales and purchase agreements, agreed the fair value to the relevant executed and final sales and purchase agreements and assessed the impact on the fair value of any completion conditions precedent as at the year-end;
- Discussions and meetings were held with the Company's valuation experts to assess their ongoing and final valuation reports;
- Confirmed and assessed the independence, objectivity and competence of the independent specialist appraisers and the Company's valuation experts;
- Attended Audit Committee meetings and also read Audit Committee papers and minutes where the fair valuations provided by the Investment Manager and the Company's valuation experts were discussed and agreed; and
- Performed investment existence procedures directly with investee companies to confirm the existence and ownership of underlying investee companies holding the operating asset and private equity investments.

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

- Obtained and agreed independent bank confirmations for all intermediate subsidiaries and associates;
- Agreed a sample of material balances of other assets and liabilities to supporting documentation such as signed agreements; and
- Performed searches for unrecorded liabilities through testing of subsequent payments, ensuring that none of these payments related to unrecorded liabilities existing as at 30 June 2020.

We have concluded that the valuation of Financial assets at fair value through profit or loss is within a reasonable range. Additionally, the valuation is supported by the available evidence with

significant assumptions and valuation methodologies used assessed as being appropriate and reasonable.

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

Consideration of the impact of COVID-19

The Investment Manager and the Board have considered the impact of events that have been caused by the pandemic (COVID-19), on the current operations of the Company. The extent of the negative impact of the pandemic on future performance is unclear and measurement of the impacts as they relate to the financial statements entails a significant degree of estimation uncertainty.

In doing so, the Investment Manager has made estimates and judgements that are critical to the outcomes of these considerations in the valuation of financial assets at fair value through profit or loss as well as to underpin the Board's going concern and viability statements.

As a result of the impact of COVID-19 on the specific financial markets where the Company invests and the impact on the Company's performance, we have determined both the Investment Manager's and the Board's consideration of the impact of COVID-19 to be a key audit matter.

In assessing both the Investment Manager's and the Board's consideration of the impact of COVID-19, we have undertaken the following audit procedures:

1. Obtained from the Investment Manager and the Board the updated papers supporting the Board's assessment and conclusions with respect to the going concern status of the Company and Viability Statement as at 30 June 2020. We challenged the Investment Manager and the Board on the key assumptions supporting these assessments.
2. We evaluated the critical estimates and judgements underpinning the fair valuation of the financial assets at fair value through profit or loss and our conclusions are set out in our first Key Audit Matter above. This additional work challenged the Investment Manager and the Company's valuation experts on the achievability of the cash flow forecasts, in light of any downside risks relating to COVID-19 and, where relevant, we reviewed the historical accuracy of the previously produced cash flow forecasts against the actual cash flows achieved to assist in assessing the reliability of the forecasting processes.
3. We considered whether changes to working practices brought about by COVID-19 had any adverse impacts on the effectiveness of the Company's operations and the business processes and IT controls at the Investment Manager and the Administrator.

Based on our procedures and the information available at the time of the Board's approval of the financial statements, we have not identified any matters to report with respect to the Board's consideration and disclosure of the impact of COVID-19 on the current and future operations of the Company, albeit we also acknowledge that the situation continues to evolve.

Other information

The directors are responsible for the other information. The other information comprises all the information included in the Annual Report and Financial Statements (the "Annual Report") but does not include the financial statements and our auditor's report thereon.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of the directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

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

Use of this report

This independent auditor's report, including the opinions, has been prepared for and only for the members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving these opinions, 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.

Report on other legal and regulatory requirements

Company Law exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Listing Rules of the Financial Conduct Authority (FCA)

The Company has reported compliance against the 2019 AIC Code of Corporate Governance (the "Code") which has been endorsed by the UK Financial Reporting Council as being consistent with the UK Corporate Governance Code for the purposes of meeting the Company's obligations, as an investment company, under the Listing Rules of the FCA.

We have nothing material to add or draw attention to in respect of the following matters which we have reviewed based on the requirements of the Listing Rules of the FCA:

- The directors' confirmation that they have carried out a robust assessment of the principal and emerging risks facing the Company, including a description of the principal risks, what procedures are in place to identify emerging risks, and an explanation of how those risks are being managed or mitigated.
- The directors' explanation as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal and emerging risks facing the Company and the directors' statement in relation to the longer-term viability of the Company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge and understanding of the Company and its environment obtained in the course of the audit.

Additionally, we have nothing to report in respect of our responsibility to report when:

- The directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.
- The statement given by the directors that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Company obtained in the course of performing our audit.
- The section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

- The directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

A handwritten signature in black ink, appearing to read "John Roche", with a period at the end.

John Roche
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognised Auditor
Guernsey, Channel Islands
26 October 2020

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2020 USD'000	30 June 2019 USD'000
TOTAL ASSETS			
Financial assets at fair value through profit or loss	8	870,482	983,043
Receivables and prepayments	10	29	31
Cash and cash equivalents	6	7,457	16,012
Total assets		877,968	999,086
TOTAL LIABILITIES			
Accrued expenses and other payables	12	1,863	16,189
Deferred incentive fees	15(b)	-	3,195
Total liabilities		1,863	19,384
SHAREHOLDERS' EQUITY			
Share capital	11	354,595	387,788
Retained earnings		521,510	591,914
Total Shareholders' equity		876,105	979,702
Total liabilities and Shareholders' equity		877,968	999,086
Net asset value, USD per share	17	4.97	5.30
Net asset value, GBP per share		4.01	4.16

The Financial Statements were approved by the Board of Directors on 26 October 2020 and signed on its behalf by:



Steven Bates
Chairman



Huw Evans
Director

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

STATEMENT OF CHANGES IN EQUITY

		Share capital	Retained earnings	Total equity
	Notes	USD'000	USD'000	USD'000
For the year ended 30 June 2019				
Balance at 1 July 2018		427,351	616,081	1,043,432
Loss for the year		-	(3,644)	(3,644)
Total comprehensive deficit		-	(3,644)	(3,644)
Transactions with Shareholders				
Shares repurchased	11	(39,563)	-	(39,563)
Dividends paid	9	-	(20,523)	(20,523)
Balance at 30 June 2019		387,788	591,914	979,702
For the year ended 30 June 2020				
Balance at 1 July 2019		387,788	591,914	979,702
Loss for the year		-	(50,458)	(50,458)
Total comprehensive deficit		-	(50,458)	(50,458)
Transactions with Shareholders				
Shares repurchased	11	(33,193)	-	(33,193)
Dividends paid	9	-	(19,946)	(19,946)
Balance at 30 June 2020		354,595	521,510	876,105

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended	
		30 June 2020 USD'000	30 June 2019 USD'000
Dividend income	13	84,703	33,654
Net losses on financial assets at fair value through profit or loss	14	(122,961)	(23,694)
General and administration expenses	15(a)	(14,884)	(16,555)
Finance cost	15(b), 18	(370)	(2,208)
Incentive fees clawed back	3, 18	3,054	5,157
Other income		-	2
Operating loss		(50,458)	(3,644)
Loss before tax		(50,458)	(3,644)
Corporate income tax	16	-	-
Loss for the year		(50,458)	(3,644)
Total comprehensive deficit for the year		(50,458)	(3,644)
Earnings per share			
- basic and diluted (USD per share)	17	(0.28)	(0.02)
- basic and diluted (GBP per share)		(0.22)	(0.02)

All items were derived from continuing activities.

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

STATEMENT OF CASH FLOWS

	Notes	Year ended	
		30 June 2020 USD'000	30 June 2019 USD'000
Operating activities			
Loss before tax		(50,458)	(3,644)
Adjustments for:			
Dividend income		(84,703)	(33,654)
Net losses on financial assets at fair value through profit or loss	14	122,961	23,694
Finance cost		370	2,208
		(11,830)	(11,396)
Decrease/(increase) in receivables and prepayments		2	(31)
Decrease in accrued expenses and other payables		(17,891)	(20,863)
Dividend receipts		84,703	33,654
Net cash generated from operating activities		54,984	1,364
Investing activities			
Purchases of financial assets at fair value through profit or loss	8	(141,919)	(76,588)
Return of capital from financial assets at fair value through profit or loss	8	131,519	137,313
Net cash generated from investing activities		(10,400)	60,725
Financing activities			
Purchase of shares into treasury	11	(33,193)	(40,421)
Dividends paid	9	(19,946)	(20,523)
Net cash used in financing activities		(53,139)	(60,944)
Net change in cash and cash equivalents for the year		(8,555)	1,145
Cash and cash equivalents at the beginning of the year	6	16,012	14,867
Cash and cash equivalents at the end of the year	6	7,457	16,012

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

VinaCapital Vietnam Opportunity Fund Limited (the “Company”) was incorporated on 22 March 2016 as a closed-ended investment scheme with limited liability under the Companies (Guernsey) Law, 2008 (the “Guernsey Law”). The Company is registered in Guernsey with registration number 61765. Prior to that date the Company was incorporated in the Cayman Islands as an exempted company with limited liability.

The Company is classified as a registered closed-ended Collective Investment Scheme under the Protection of Investors (Bailiwick of Guernsey) Law 1987 and is subject to the Guernsey Law.

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

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

The Company does not have a fixed life but the Board considers it desirable that Shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, the Board intends that every fifth year a special resolution will be proposed that the Company ceases to continue. If the resolution is not passed, the Company will continue to operate as currently constituted. If the resolution is passed, the Directors will be required to formulate proposals to be put to Shareholders to reorganise, unitise or reconstruct the Company or for the Company to be wound up. The Board tabled such resolutions in 2008, 2013 and 2018 and on each occasion the resolution was not passed, allowing the Company to continue as currently constituted. The next resolution will be tabled at the AGM in 2023.

The Financial Statements for the year ended 30 June 2020 were approved for issue by the Board on 26 October 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Statement of Compliance

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

2.1 Basis of preparation

The Financial Statements have been prepared using the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, and financial liabilities at fair value through profit or loss. The Financial Statements have been prepared on a going concern basis.

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

2.2 Going concern

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policy and disclosures

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2020 reporting period and have not been early adopted by the Company. There is no expected material impact on, or any restatement of, the Company's Financial Statements as a result of new accounting standards and interpretations published but not yet adopted.

2.4 Subsidiaries and associates

The Company meets the definition of an Investment Entity within IFRS 10 and therefore does not consolidate its subsidiaries but measures them instead at fair value through profit or loss. The Company has also applied the exemption from accounting for its associates using the equity method as permitted by International Account Standard ("IAS") 28.

Any gain or loss arising from a change in the fair value of investments in subsidiaries and associates is recognised in the Statement of Comprehensive Income.

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

2.5 Segment reporting

In identifying its operating segments, management follows the subsidiaries' sectors of investment which are based on internal management reporting information. The operating segments by investment portfolio include: capital markets, operating asset, structured and private equity investments 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 appropriate resources and approaches. The Investment Manager assesses segment profit or loss using a measure of operating profit or loss from the underlying investment assets of the subsidiaries. Refer to note 4 for further disclosure regarding allocation to segments.

2.6 Foreign currency translation

(a) Functional and presentation currency

The functional currency of the Company is the USD. The Company's Financial Statements are presented in USD.

(b) Transactions and balances

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

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

2.7 Financial instruments

(a) Recognition and derecognition

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Financial instruments (continued)

(a) Recognition and derecognition (continued)

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

(b) Classification of financial assets

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

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

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

(c) Initial and subsequent measurement of financial assets

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

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

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

(d) Impairment of financial assets

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

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

(e) Classification and measurement of financial liabilities

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

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Financial instruments (continued)

(e) Classification and measurement of financial liabilities (continued)

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

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

2.8 Cash and cash equivalents

In the Statement of Cash Flows, cash and cash equivalents includes deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the Statement of Financial Position, bank overdrafts are shown within borrowings in current liabilities.

2.9 Share capital

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

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

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

2.10 Revenue recognition

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

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

2.11 Operating expenses

Operating expenses are accounted for on an accrual basis.

2.12 Related parties

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Offsetting financial instruments

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

2.14 Dividend distribution

Dividend distributions to the Company's Shareholders are recognised as a liability in the Company's Financial Statements and disclosed in the Statement of Changes in Equity in the period in which the dividends are approved by the Board.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

3.1 Critical accounting estimates and assumptions

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

The Company holds its investments through a number of subsidiaries and associates which were established for this purpose. At the end of each half of the financial year, the fair values of investments in subsidiaries and associates are reviewed and the fair values of all material investments held by these subsidiaries and associates are assessed. As at 30 June 2020, 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, operating asset, structured and private equity investments. Where an active market exists (for example, for listed securities), the fair value of the subsidiary or associate reflects the valuation of the underlying holdings. Where no active market exists, valuation techniques are used.

The fair values of the operating asset and private equity investments are estimated by a qualified independent professional services firm (the "Independent Valuer") or, at times, are fair valued by the Investment Manager. The valuations by the Independent Valuer and Investment Manager are prepared using a number of methodologies such as adjusted net asset valuations, discounted cash flows, income-related multiples and price-to-book ratios.

The estimated fair values provided by the Independent Valuer and Investment Manager are used by the Audit Committee as the primary basis for estimating the fair value of the operating asset and private equity investments for recommendation to the Board. Information about the significant judgements, estimates and assumptions that are used in the valuation of the investments is discussed below.

The shares of the subsidiaries and associates are not publicly traded; return of capital to the Company can only be made by divesting the underlying investments of the subsidiaries and associates. As a result, the carrying value of the subsidiaries and associates may not be indicative of the value ultimately realised on divestment.

As at 30 June 2020 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.

The carrying amounts of the investments in subsidiaries and associates are set out in note 8. The sensitivity analysis of these investments is shown in note 19(c).

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE 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)

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

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

(ii) Valuation of private equity investments

The Company's underlying investments in private equities are fair valued by an Independent Valuer or by the Investment Manager using discounted cash flow models and pricing analysis 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 and where relevant, the Investment Manager selects appropriate discount rates that reflect the level of certainty of the quantum and timing of the projected cash flows. Refer to note 19(c) which sets out a sensitivity analysis of the significant observable inputs used in the valuations of the private equity. For the current year, the Independent Valuer and the Investment Manager have adjusted estimates to take account of the effects of the COVID-19 pandemic on the prospects for these investments. These adjustments may take the form of increasing discount rates used, reducing estimates of revenue, profit or cash flow and extending the time period over which business development is expected.

(iii) Valuation of the operating asset

At each year-end the fair value of the principal underlying operating asset is based on valuations by independent specialist appraisers including Jones Lang LaSalle. 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 independent specialist appraisers are then used by the Independent Valuer as the primary basis for estimating fair value of the Company's subsidiaries and associates that hold these properties in accordance with accounting policies set out in note 2.7. Refer to note 19(c) which sets out a sensitivity analysis of the significant unobservable inputs used in the valuation of the operating asset. Due to the recent on-going global pandemic, the uncertainty level in these valuation reports is considered as material and a higher degree of caution is attached to these valuation results than would normally be the case. The Investment Manager will keep this operating asset under frequent review.

In conjunction with making its judgement for the fair value of the Company's principal operating asset, the Independent Valuer also considers information from a variety of other sources including:

- a. current prices in an active market for properties of similar nature, condition or location;
- b. current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- c. recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices;
- d. recent developments and changes in laws and regulations that might affect zoning and/or the Company's ability to exercise its rights in respect to properties and therefore fully realise the estimated values of such properties;
- e. discounted cash flow projections based on estimates of future cash flows, derived from the terms of external evidence such as current market rents, occupancy and room rates, and sales prices for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows; and
- f. recent compensation prices made public by the local authority in the province where the property is located.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

3.1 Critical accounting estimates and assumptions (continued)

(b) Incentive Fee

The incentive fee is calculated as follows:

- All incentive fee calculations starting with the accounting year 30 June 2019 are based on the overall NAV of the Company;
- To the extent that the NAV as at any year end commencing 30 June 2019 is above the higher of an 8% compound annual return and the high water mark, having accounted for any share buy backs, share issues and/or dividends, the incentive fee payable on any increase in the NAV with effect from 30 June 2019 above the higher of the high water mark and the 8% annual return target will be calculated at a rate of 12.5%;
- The 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 surplus is carried forward and may be paid out in subsequent years; and
- The accrued but unpaid incentive fees of USD23.7 million as at 30 June 2018 were paid or clawed back at the rate of 15% of any decrease in the NAV after 30 June 2018. The high water mark was adjusted accordingly.

As a result of the decline in the NAV since 30 June 2019, USD3.1million of the USD3.6million accrued incentive fee has been clawed back at 30 June 2020, the balance of USD0.5 million will be paid out on publication of these accounts and no unpaid incentive fees will be carried forward.

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

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

For a description of the incentive fee structure applied prior to 30 June 2019 and the amount carried forward as at 30 June 2018, please refer to the Annual Report and Financial Statements for the year to 30 June 2018.

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:

- i. The Company has obtained funds from investors for the purpose of providing those investors with investment management services;
- ii. The Company's business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- iii. The performance of investments made by the Company are substantially measured and evaluated on a fair value basis.

The Company has the typical characteristics of an investment entity:

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

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

(a) Eligibility to qualify as an investment entity (continued)

As a consequence, the Company does not consolidate its subsidiaries and accounts for them at fair value through profit or loss. The Company has applied the exemption from accounting for its subsidiaries using the equity method as permitted by IAS 28.

(b) Judgements about active and inactive markets

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

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

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

In the absence of an active market for quoted or unquoted investments which may 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, and in determining the fair value one or more valuation techniques may be utilised.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE 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 costs and accrued incentive fees are allocated to each segment (excluding Other Assets) with reference to the percentage allocation on the net gains/losses on financial assets at fair value through profit or loss.

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

Segment information can be analysed as follows:

Statement of Comprehensive Income

	Capital Markets* USD'000	Operating Asset USD'000	Private Equity USD'000	Other Assets USD'000	Total USD'000
Year ended 30 June 2020					
Dividend income	84,703	-	-	-	84,703
Net (losses)/gains on financial assets at fair value through profit or loss	(172,792)	867	48,964	-	(122,961)
General and administration expenses (note 15(a))	(10,193)	(204)	(3,753)	(734)	(14,884)
Finance (cost)/income	(519)	3	146	-	(370)
Incentive income/(fee)	4,292	(22)	(1,216)	-	3,054
(Loss)/profit before tax	(94,509)	644	44,141	(734)	(50,458)
Year ended 30 June 2019					
Dividend income	30,727	2,927	-	-	33,654
Net (losses)/gains on financial assets at fair value through profit or loss	(61,050)	1,641	35,715	-	(23,694)
General and administration expenses (note 15(a))	(13,022)	(216)	(2,525)	(792)	(16,555)
Finance (cost)/income	(5,689)	153	3,328	-	(2,208)
Incentive income/(fee)	13,288	(357)	(7,774)	-	5,157
Other income	2	-	-	-	2
(Loss)/profit before tax	(35,744)	4,148	28,744	(792)	(3,644)

* Capital markets include listed securities and unlisted securities, valued at their prices on UPCoM or using quotations from brokers, and options.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. SEGMENT ANALYSIS (continued)

Statement of Financial Position

	Capital Markets* USD'000	Operating Asset USD'000	Private Equity USD'000	Other Net Assets** USD'000	Total USD'000
As at 30 June 2020					
Financial assets at fair value through profit or loss	601,268	12,036	221,363	35,815	870,482
Receivables	-	-	-	29	29
Cash and cash equivalents	-	-	-	7,457	7,457
Total assets	601,268	12,036	221,363	43,301	877,968
Total liabilities					
Accrued expenses and other payables	-	-	-	1,863	1,863
Total liabilities	-	-	-	1,863	1,863
Net asset value	601,268	12,036	221,363	41,438	876,105

	Capital Markets* USD'000	Operating Asset 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 assets value	785,895	13,030	152,399	28,378	979,702

* Capital markets include listed securities, unlisted securities and options. The unlisted securities are comprised of securities valued at their prices on UPCoM or using quotations from brokers.

** Other net assets of USD35.8million (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 30 June 2020, the restricted cash held in these Vietnamese subsidiaries and associates amounted to USD nil (30 June 2019: USD nil).

The Company has not entered into a contractual obligation to or has committed to provide current financial or other support to an unconsolidated subsidiary during the year.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE 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 30 June 2020 and 30 June 2019:

Subsidiary	Country of incorporation	30 June 2020	As at	Nature of the business
		% of Company interest	30 June 2019	
Allright Assets Limited *	British Virgin Islands ("BVI")	-	100.00	Holding company for listed securities
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 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
Fraser Investment Holdings Pte. Limited	Singapore	100.00	100.00	Holding company for listed 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 listed securities
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 unlisted securities
SE Asia Master Holding 7 Pte Limited ***	Singapore	-	100.00	Holding company for investments
Sharda Holdings Limited	BVI	100.00	100.00	Holding company for unlisted securities
Turnbull Holding Pte. Ltd.	Singapore	100.00	100.00	Holding company for private equity
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 and 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	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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. INTERESTS IN SUBSIDIARIES AND ASSOCIATES (continued)

5.1 Directly-owned subsidiaries (continued)

Subsidiary	Country of incorporation	As at		Nature of the business
		30 June 2020 % of Company interest	30 June 2019 % of Company interest	
VOF Investment Limited	BVI	100.00	100.00	Holding company for listed and unlisted securities, private equity and operating asset
VOF PE Holding 5 Limited	BVI	100.00	100.00	Holding company for investments
VTC Espero Limited ***	Singapore	-	100.00	Holding company for investments
Windstar Resources Limited	BVI	100.00	100.00	Holding company for listed securities

* Allright Assets Limited became a subsidiary of Halley Five Limited during the year ended 30 June 2020.

** Vietnam Master Holding 1 Limited was renamed to Halley Five Limited and became a subsidiary of Clipper Ventures Limited during the year ended 30 June 2020.

*** SE Asia Master Holding 7 Pte Limited and VTC Espero Limited were liquidated during the year ended 30 June 2020.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE 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 30 June 2020 and 30 June 2019:

Indirect subsidiary	Country of incorporation	Nature of the business	Immediate Parent	30 June 2020	As at 30 June 2019
				% of Company's indirect interest	% of Company's indirect interest
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 private equity	Halley One Limited	81.31	100.00
Aldrin Three Pte. Ltd.	Singapore	Holding company for private equity	Halley Three Limited	80.07	-
Aldrin Two Pte. Ltd.	Singapore	Holding company for private equity	Halley Two Limited	83.46	-
Allright Assets Limited **	BVI	Holding company for listed securities	Halley Five Limited	100.00	-
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	-
Halley Five Limited *	BVI	Holding company for listed securities	Clipper Ventures Limited	100.00	-
Halley Four Limited	BVI	Holding company for private equity	Clipper Ventures Limited	79.40	-
Halley One Limited	BVI	Holding company for private equity	Clipper Ventures Limited	81.31	67.00
Halley Three Limited	BVI	Holding company for private equity	Clipper Ventures Limited	80.07	-
Halley Two Limited	BVI	Holding company for private equity	Clipper Ventures Limited	83.46	-
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
International Dairy Joint Stock Company	Vietnam	Milk, yoghurt and dairy products	Howard Holdings Pte. Limited and Turnbull Holding Pte. Ltd.	66.49	55.97
Liva Holdings Pte. Ltd. ****	BVI	Holding company for investments	Belfort Worldwide Limited	-	100.00
Menzies Holding Pte. Ltd	Singapore	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 private equity	Halley Four Limited	79.40	-
Thai Hoa International Hospital JSC	Vietnam	Medical and healthcare services	Abbott Holding Pte. Limited	81.07	81.07
Vietnam Opportunity Fund II Pte. Ltd.	Singapore	Holding company for private equity	Belfort Worldwide Limited	68.00	68.00
Whitlam Holding Pte. Limited	Singapore	Holding company for private equity	Navia Holdings Limited	61.26	61.26

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. INTERESTS IN SUBSIDIARIES AND ASSOCIATES (continued)

5.2 Indirect interests in subsidiaries (continued)

* Vietnam Master Holding 1 Limited was renamed Halley Five Limited and became a subsidiary of Clipper Ventures Limited during the year ended 30 June 2020.

** Allright Assets Limited became a subsidiary of Halley Five Limited during the year ended 30 June 2020.

*** Indochina Ceramic Singapore Pte. Ltd. was liquidated during the year ended 30 June 2020.

**** Liva Holdings Pte. Ltd. was disposed of during the year ended 30 June 2020.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE 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 30 June 2020 and 30 June 2019:

Associate	Country of incorporation	As at		Nature of the business
		30 June 2020 % 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

* Mega Assets Pte. Limited and VinaCapital Commercial Center Private Limited were liquidated during the year ended 30 June 2020.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE 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 30 June 2020 and 30 June 2019:

	Country of incorporation	Nature of the business	Company's subsidiary or associate Holding direct interest in the associate	As at	
				30 June 2020 % of Company's indirect interest	30 June 2019 % of Company's indirect interest
Hung Vuong Corporation	Vietnam	Operating asset investment	VOF Investment Limited	31.04	33.24
Ngoc Nghia Industry Service Trading Joint Stock Company	Vietnam	Private equity investment	Tempel Four Limited	28.54	-
VinaCapital Commercial Center Private Limited *	BVI	Real estate investment	VinaCapital Commercial Center Private Limited	-	12.75

* VinaCapital Commercial Center Private Limited was liquidated during the year ended 30 June 2020.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. INTERESTS IN SUBSIDIARIES AND ASSOCIATES (continued)

5.5 Financial risks

At 30 June 2020 the Company owns a number of subsidiaries and associates for the purpose of holding investments in listed and unlisted securities, operating asset, structured and private equity investments. The Company, via these underlying investments, is subject to financial risks which are further disclosed in note 19. The Investment Manager makes investment decisions after performing extensive due diligence on the underlying investments, their strategies, financial structure and the overall quality of management.

6. CASH AND CASH EQUIVALENTS

	30 June 2020 USD'000	30 June 2019 USD'000
Cash at banks	7,457	16,012

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

The Company's overall cash position including cash held in directly held subsidiaries as at 30 June 2020 was USD30.9 million (30 June 2019: USD32.9 million). Please refer to note 8 for details of the cash held by the Company's subsidiaries. As mentioned in note 5, the restricted cash held in the Vietnamese subsidiaries and associates amounted to USD nil (30 June 2019: USD nil).

7. FINANCIAL INSTRUMENTS BY CATEGORY

	Financial assets at amortised cost USD'000	Financial assets at fair value through profit or loss USD'000	Total USD'000
As at 30 June 2020			
Financial assets at fair value through profit or loss	-	870,482	870,482
Cash and cash equivalents	7,457	-	7,457
Total	7,457	870,482	877,939
Financial assets denominated in:			
- GBP	4	-	4
- USD	7,453	870,482	877,935
As at 30 June 2019			
Financial assets at fair value through profit or loss	-	983,043	983,043
Cash and cash equivalents	16,012	-	16,012
Total	16,012	983,043	999,055
Financial assets denominated in:			
- GBP	4	-	4
- USD	16,008	983,043	999,051

As at 30 June 2020 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 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 subsidiaries and associates at fair value are included with those of the Company in the following table.

	30 June 2020 USD'000	30 June 2019 USD'000
Cash and cash equivalents	23,490	16,907
Ordinary shares – listed	486,055	613,794
Ordinary shares – unlisted *	113,974	172,101
Private equity investments	221,363	152,399
Operating asset	12,036	13,030
Other net assets	13,564	14,812
	870,482	983,043

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

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

	30 June 2020 USD'000	30 June 2019 USD'000
Consumer goods	193,589	210,729
Real estate and operating asset	159,300	181,938
Construction	148,767	142,762
Financial services	101,335	119,858
Infrastructure	59,974	102,487
Industrials and information technology	50,913	43,991
Pharmaceuticals and healthcare	43,754	43,001
Energy, minerals and petroleum	26,518	68,067
Agriculture	23,579	23,647
Hospitality	19,678	-
Retailers	6,021	14,844

As at 30 June 2020, an underlying holding, Hoa Phat Group, within financial assets at fair value through profit or loss amounted to 13.0% of the NAV of the Company (30 June 2019: 11.0%).

There have been no changes in the classification of financial assets at fair value through profit or loss shown as Level 3 during the year ended 30 June 2020.

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

The fair value of the Company's investments in subsidiaries and associates are estimated using approaches as described in note 3.1. As observable prices are not available for these investments, the Company classifies them as Level 3 fair values.

	For the year ended	
	30 June 2020 USD'000	30 June 2019 USD'000
Opening balance	983,043	1,067,462
Purchases	141,919	76,588
Return of capital	(131,519)	(137,313)
Net losses for the period	(122,961)	(23,694)
	870,482	983,043

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. DIVIDENDS

The dividends paid in the reporting period were as follows;

Year ended 30 June 2020	Dividend rate per share (cents)	Net dividend payable (USD'000)	Record date	Ex-dividend date	Pay date
Dividend	5.5	10,115	1 November 2019	31 October 2019	27 November 2019
Dividend	5.5	9,831	14 April 2020	9 April 2020	1 May 2020
		19,946			

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

A dividend of 5.5 US cents per share in respect of the year ended 30 June 2020 was declared on 26 October 2020. The dividend is payable on or around 25 November 2020 to Shareholders on record at 6 November 2020.

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

10. RECEIVABLES AND PREPAYMENTS

	30 June 2020 USD'000	30 June 2019 USD'000
Prepayments	29	31

The Company exited Indochina Food Industries Pte. Ltd ("ICF") through the sale of 100% of VinaSugar Holding Limited in 2012 for a total consideration of USD28.45 million. As at 30 June 2020 and 30 June 2019, the Buyer had paid USD19.75 million with USD8.7 million remaining outstanding. In June 2014, the Company approved a loan of USD2.9 million to ICF to provide immediate relief for the business. Together with the existing receivable of USD8.7 million, the total USD11.6 million is receivable but has been fully impaired.

11. SHARE CAPITAL

The Company may issue an unlimited number of shares, including shares of no par value or shares with a par value. Shares may be issued as (a) shares in such currencies as the Directors may determine; and/or (b) such other classes of shares in such currencies as the Directors may determine in accordance with the Articles and the Guernsey Law and the price per Share at which shares of each class shall first be offered to subscribers shall be fixed by the Board. The minimum price which may be paid for a share is USD0.01. The Directors will act in the best interest of the Company and the Shareholders when authorising the issue of any shares and shares will only be issued at a price of at least the prevailing Net Asset Value at the time of issue, so that the NAV per share is not diluted.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. SHARE CAPITAL (continued)

Issued capital

	30 June 2020		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	(8,680,133)	-	(10,355,000)	-
Issued and fully paid at year end	192,311,125	491,301	200,991,258	491,301
Shares held in treasury	(16,182,716)	(136,706)	(16,182,716)	(103,513)
Outstanding shares at year end	176,128,409	354,595	184,808,542	387,788

Treasury shares

	30 June 2020	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	8,680,133	9,249,716
Shares cancelled during the year	(8,680,133)	(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 year ended 30 June 2020, 8.7 million shares (2019: 9.2 million) were repurchased at a cost of USD33.2 million (2019: USD39.6 million) of which USD nil (2019: USD nil) was payable at the year-end (see note 12) and 8.7 million shares (2019: 10.4 million) were cancelled.

12. ACCRUED EXPENSES AND OTHER PAYABLES

	30 June 2020	30 June 2019
	USD'000	USD'000
Management fees payable to the Investment Manager (note 18)	1,001	1,111
Expenses recharged payable to the Investment Manager (note 18)	-	139
Incentive fees payable to the Investment Manager (note 18)	511	14,663
Directors' fees payable (note 18)	5	-
Other payables	346	276
	1,863	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 18.

13. DIVIDEND INCOME

	Year ended	
	30 June 2020	30 June 2019
	USD'000	USD'000
Dividend income	84,703	33,654

The above table sets out dividends received by the Company from its subsidiaries. These represent distributions of income received as well as the proceeds of disposals of assets by subsidiaries, and do not reflect the dividends earned by the underlying investee companies. During the year, the subsidiaries received a total amount of USD16.8 million in dividends from their investee companies (30 June 2019: USD18.4 million).

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	Year ended	
	30 June 2020	30 June 2019
	USD'000	USD'000
Financial assets at fair value through profit or loss:		
- Unrealised (losses)/gains, net	(122,961)	(23,694)
Total	(122,961)	(23,694)

15(a). GENERAL AND ADMINISTRATION EXPENSES

	Year ended	
	30 June 2020	30 June 2019
	USD'000	USD'000
Management fees (note 18(a))	11,999	13,348
Expenses recharged by the Investment Manager	343	336
Directors' fees and expenses (note 18(c))	449	419
Custodian, secretarial and other professional fees	945	1,460
Audit fees	482	408
Other expenses	666	584
	14,884	16,555

15(b). ACCRUED INCENTIVE FEE

The deferred liability in respect of incentive fees carried forward from 30 June 2019 was USD3.2 million discounted from USD3.6 million to reflect the time value of money. At 30 June 2020, USD3.1 million of this was clawed back as a result of the decline in the Company's NAV over the year. This has resulted in a total incentive fee accrued of USD0.5 million as at 30 June 2020 which will be paid out immediately on publication of these accounts. No incentive fee was earned by the Investment Manager for the year ended 30 June 2020.

16. INCOME TAX EXPENSE

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

The majority of the subsidiaries are domiciled in the BVI and so have a tax exempt status whilst the remaining subsidiaries are established in Vietnam and Singapore and are subject to corporate income tax in those countries. The income tax payable by these subsidiaries is taken into account in determining their fair values in the Statement of Financial Position.

17. EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE

(a) Basic

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

	Year ended	
	30 June 2020	30 June 2019
Loss for the year (USD'000)	(50,458)	(3,644)
Weighted average number of ordinary shares in issue	181,910,786	187,476,387
Basic loss per share (USD per share)	(0.28)	(0.02)

(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.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE (continued)

(c) NAV per share

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

	30 June 2020	30 June 2019
Net asset value (USD'000)	876,105	979,702
Number of outstanding ordinary shares in issue	176,128,409	184,808,542
Net asset value per share (USD per share)	4.97	5.30

18. RELATED PARTIES

(a) Management fees

The Investment Manager receives a fee at the annual rates set out below, payable monthly in arrears.

- 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.

Total fees paid to the Investment Manager for the year amounted to USD12.3 million (30 June 2019: USD13.6 million), of which USD0.3 million (30 June 2019: USD0.3 million) was in relation to recharge of expenses incurred. In total USD1.0 million (30 June 2019: USD1.2 million) was payable to the Investment Manager at the reporting date.

(b) Incentive fees

As described in note 15(b), as at 30 June 2020, a total incentive fee of USD0.5 million (30 June 2019: USD18.2 million) was accrued on the basis of the current year and prior year performance of the Company's NAV, which will be paid out immediately on publication of these accounts. This amount is accounted for in accrued expenses and other payables in the Statement of Financial Position (30 June 2019: USD14.7 million).

(c) Directors' Remuneration

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

	Annual fee USD	Year ended	
		30 June 2020 USD	30 June 2019 USD
Steven Bates	95,000	95,000	95,000
Martin Adams (retired 10 December 2018)	80,000	-	35,562
Thuy Bich Dam	80,000	80,000	80,000
Julian Healy (appointed 23 July 2018)	90,000	85,000	75,342
Huw Evans	90,000	90,000	90,000
Kathryn Matthews (appointed 10 May 2019)	80,000	80,000	11,397
		430,000	387,301

During the year, directors' expenses totaling USD19,274 (30 June 2019: USD32,135) were paid. The total amount earned by the Directors during the year was USD449,274 (30 June 2019: USD418,798), of which USD5,000 was outstanding at 30 June 2020 (30 June 2019: USD nil).

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RELATED PARTIES (continued)

(d) Shares held by related parties

	Shares held as at 30 June 2020	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	9,464	-
Andy Ho	248,084	190,000
Don Lam	1,005,859	1,005,859

As at 30 June 2020, Stephen Westwood, the co-owner of CES Investments Ltd which provides consultancy services to the Company, owned 6,000 shares (30 June 2019: 6,000 shares) in the Company.

As at 30 June 2020, the Investment Manager owned 2,545,575 shares (30 June 2019: 1,690,075 shares) in the Company.

(e) Other balances with related parties

	30 June 2020 USD'000	30 June 2019 USD'000
Payable to the Investment Manager in relation to expenses paid on behalf of the Company *	-	139

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

(f) Controlling party

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

19. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Company has set up a number of subsidiaries and associates for the purpose of holding investments in listed and unlisted securities, operating asset, structured and private equity investments in Vietnam and overseas with the objective of achieving medium to long-term capital appreciation and providing investment income. The Company accounts for these subsidiaries and associates as financial assets at fair value through profit or loss.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potentially adverse effects on the Company's financial performance. The Company's risk management is coordinated by the Investment Manager which manages the distribution of the assets to achieve the investment objectives.

There have been no significant changes in the management of risk or in any risk management policies during the financial year to 30 June 2020.

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

(i) Market risk

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(i) Market risk (continued)

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

The Company's subsidiaries and associates invest in listed and unlisted equity securities and are exposed to market price risk of these securities. The majority of the underlying equity investments are traded on either of Vietnam's stock exchanges, the Ho Chi Minh Stock Exchange or the Hanoi Stock Exchange, as well as UPCoM.

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

Market price sensitivity analysis

If the prices of the listed securities had increased/decreased by 10%, the Company's financial assets held at fair value through profit or loss would have been higher/lower by USD49.7 million (30 June 2019: USD61.4 million).

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

Depending on the development stage of a project and its associated risks, the Independent Valuer uses discount rates in the range from 14% to 20% and terminal growth rates of 2% to 14.5% (30 June 2019: 11% to 16% and 3% to 5%, respectively).

Foreign exchange risk

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

Interest rate risk

The Company's exposure to interest rate risk is limited as its cash balance at year-end is minimal. In addition, the Company does not have any directly held interest-bearing loans, receivables or payables.

(ii) Credit risk

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

The Company's maximum credit exposure without taking into account any collateral held consists of the carrying amount of cash and receivables of the Company and its subsidiaries and associates at the year end. Cash and receivables of the Company's subsidiaries and associates is classified within financial assets at fair value through profit or loss.

	30 June 2020	30 June 2019
	USD'000	USD'000
Financial assets at fair value through profit or loss	37,590	34,459
Cash and cash equivalents	7,457	16,012
	45,047	50,471

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. FINANCIAL RISK MANAGEMENT (continued)

(ii) Credit risk (continued)

a) Financial assets that are neither past due nor impaired

With the exception of the receivables disclosed in note 19 (ii)(b), the cash and receivables of the Company and its subsidiaries and associates as at 30 June 2020 and 30 June 2019 are neither past due nor impaired. Cash and the majority of receivables that are neither past due nor impaired are held with banks with high quality external credit ratings. Credit risk for cash and receivables is considered to be limited.

b) Financial assets that are past due and impaired

At 30 June 2020 and 30 June 2019, USD11.6 million of receivables of VOF relating to the sale of a direct investment were fully impaired. In determining the impairment the Directors have made judgements as to whether there is a probability of default or observable data available indicating that there has been a significant change to the debtor's ability to pay. The Investment Manager is also investigating the collateral against which the receivables may be secured and whether mechanisms exist to recover value from the collateral. The Investment Manager is examining the possibility of recovering the receivables in question but nevertheless the Company has resolved that it is prudent to account for the receivables as fully impaired.

c) Financial assets that are past due but not impaired

At 30 June 2020 and 30 June 2019, the Company did not hold any other assets that were past due but not impaired.

(iii) Liquidity risk

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

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

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

	30 June 2020		30 June 2019	
	Within 12 Months USD'000	Over 12 Months USD'000	Within 12 Months USD'000	Over 12 Months USD'000
Payables to related parties (note 12)	1,517	-	15,913	-
Deferred incentive fee	-	-	-	3,195
Other payables (note 12)	346	-	276	-
	1,863	-	16,189	3,195

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

	30 June 2020		30 June 2019	
	Within 12 Months USD'000	Over 12 Months USD'000	Within 12 Months USD'000	Over 12 Months USD'000
Cash and cash equivalents	7,457	-	16,012	-
Receivables and prepayments	29	-	31	-
Financial assets at fair value through profit or loss	637,083	233,399	817,614	165,429
	644,569	233,399	833,657	165,429

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. FINANCIAL RISK MANAGEMENT (continued)

(b) Capital management

The Company's capital management objectives are:

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

The Company is not subject to any externally imposed capital requirements. The Company has engaged the Investment Manager to allocate the net assets in such a way so as to generate a reasonable investment return for its Shareholders and to ensure that there is sufficient funding available for the Company to continue as a going concern.

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

	30 June 2020	30 June 2019
	USD'000	USD'000
Net assets attributable to equity Shareholders	876,105	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 30 June 2020 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.

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

	Level 3	Total
	USD'000	USD'000
As at 30 June 2020		
Financial assets at fair value through profit or loss	870,482	870,482
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 year ended 30 June 2020 and 30 June 2019.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. FINANCIAL RISK MANAGEMENT (continued)

(c) Fair value estimation

If these investments were held at the Company level, they would be presented as follows:

	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
As at 30 June 2020				
Cash and cash equivalents	23,490	-	-	23,490
Ordinary shares – listed	486,055	-	-	486,055
– unlisted*	84,429	29,545	-	113,974
Structured and private equity investments	-	-	221,363	221,363
Operating asset	-	-	12,036	12,036
Other net (liabilities)/assets	-	-	13,564	13,564
	593,974	29,545	246,963	870,482
As at 30 June 2019				
Cash and cash equivalents	16,907	-	-	16,907
Ordinary shares – listed	613,794	-	-	613,794
– unlisted*	138,802	33,299	-	172,101
Structured and private equity investments	-	-	152,399	152,399
Operating asset	-	-	13,030	13,030
Other net (liabilities)/assets	-	-	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 prices dealer quotations are classified within Level 2. These include investments in OTC equities. As Level 2 investments include positions that are not traded in active markets, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. FINANCIAL RISK MANAGEMENT (continued)

(c) Fair value estimation (continued)

Private equities, the operating asset, and other assets that do not have an active market are classified within Level 3. The Company uses valuation techniques to estimate the fair value of these assets based on significant unobservable inputs as described in note 3.2. There were no movements into or out of the Level 3 category during the period.

The Company considers the appropriateness of the valuation model inputs, as well as the valuation results using various valuation methods and techniques which are generally recognised as standard within the industry. The change in discount rate shown in the table below shows the impact which a reasonable potential shift in the input variables would have on the valuation result.

Set out below is the sensitivity analysis which shows the changes in the Company's net asset value based on the significant unobservable input assumptions used in the valuation of Level 3 investments as at 30 June 2020, keeping all other assumptions constant. The changes in discount rates by +/- 1% is considered appropriate for the market in which the Company is operating.

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	12,036	15%	14.50%	N/A	Change in discount rate				
						-1% 0% 1%				
						Change in cap rate	-1%	12,654	12,164	11,711
							0%	12,514	12,036	11,594
1%	12,386	11,918	11,486							
Private equity	Discounted Cash flows	112,299 *	14%-20%	N/A	2%-5%	Change in discount rate				
						-1% 0% 1%				
						Change in terminal growth rate	-1%	116,397	107,146	99,317
							0%	122,883	112,299	103,489
1%	130,833	118,509	108,431							

* The difference between the balance of USD221.4 million reflected as Level 3 private equity earlier in note 19 to the above balance of private equity of USD112.3 million, is due to the fact that different valuation methodologies are used in the Level 3 valuations which reflect other unobservable inputs such as price to book methodologies or net proceeds used in desktop valuations.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. FINANCIAL RISK MANAGEMENT (continued)

(c) Fair value estimation (continued)

Set out below is the sensitivity analysis which shows the changes in the Company's net asset value based on the significant unobservable input assumptions used in the valuation of Level 3 investments as at 30 June 2019, keeping all other assumptions constant. The changes in discount rates by +/- 1% is considered appropriate for the market in which the Company is operating.

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

Segment	Valuation technique	Valuation (USD'000)	Discount rate	Cap rate	Terminal growth rate	Selling price per unit (USD)	Sensitivities in selling price per unit (USD'000)	Sensitivities in discount rates and cap rates/terminal growth rate (USD'000)				
Operating real estate projects	Discounted cash flows	13,030	15%	14.50%	N/A	N/A	N/A	Change in discount rate				
									-1%	13,701	13,175	12,690
								Change in cap rate	0%	13,543	13,030	12,557
									1%	13,398	12,897	12,435
Private equity	Discounted cash flows	146,399 *	11%-16%	N/A	3%-5%	N/A	N/A	Change in discount rate				
									-1%	149,981	141,540	134,376
								Change in terminal growth rate	0%	156,393	146,399	137,975
									1%	163,341	152,188	142,992

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. 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;
- Other techniques, such as the latest market transaction price.

20. SUBSEQUENT EVENTS

This Annual Report and Financial Statements were approved by the Board on 26 October 2020. Subsequent events have been evaluated until this date.

On 26 October 2020, the Board declared a dividend of 5.5 US cents per share. The dividend is payable on or around 25 November 2020 to Shareholders on record at 6 November 2020.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

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VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

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VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

GLOSSARY AND ALTERNATIVE PERFORMANCE MEASURES

Term	Definition
EBITDA	Earnings before interest, tax, depreciation and amortisation. A measure of the gross profit of a company.
EPS	Earnings per share.
Equitisation	The process of selling a company from public ownership to private investors. Known as privatisation in other countries.
FDI	Foreign direct investments.
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.
HOSE	The Ho Chi Minh Stock Exchange.
IPO	Initial public offering – the means by which most listed companies achieve their stock market listing.
IRR	The internal rate of return. A measure of the total return on an investment taking account of the amount and timing of all amounts invested and amounts realised. The IRR is expressed as an annualised percentage. The use of IRR enables different investments with differing cash flow profiles to be compared on a like for like financial basis.
LSE	The London Stock Exchange.
Net Asset Value Per Share (NAV)	The total value of the Company's assets less its liabilities (the net assets) divided by the number of shares in issue.
NAV Total Return	A measure of the investment return earned by the Company, taking account of the change in NAV over the period in question and assuming that any dividends paid in the period are reinvested at the prevailing NAV per share at the time that the shares begin to trade ex-dividend.
Ongoing Charges Ratio	The Ongoing Charges Ratio represents the annualised ongoing charges (excluding finance costs, transaction costs and taxation) divided by the average daily net asset values of the Company for the period and has been prepared in accordance with the AIC's recommended methodology. Ongoing charges reflect expenses likely to recur in the foreseeable future.
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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

GLOSSARY AND ALTERNATIVE PERFORMANCE MEASURES (continued)

USD	United States Dollar.
VN Index	The Ho Chi Minh Stock Exchange Index, a capitalisation-weighted index of all companies listed on the Ho Chi Minh Stock Exchange.