

**VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED**

**Interim Report and Condensed Interim Financial Statements  
for the period 1 July 2020 to 31 December 2020**

**VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED**

**INTERIM REPORT AND CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

**CONTENTS**

Chairman's Statement	2
Investment Manager's Interim Report	5
Interim Report of the Board of Directors	14
Statement of Directors' Responsibility in Respect of the Condensed Interim Financial Statements	19
Independent Review Report	20
Condensed Interim Financial Statements	
Condensed Statement of Financial Position	22
Condensed Statement of Changes in Equity	23
Condensed Statement of Comprehensive Income	24
Condensed Statement of Cash Flows	25
Notes to the Condensed Interim Financial Statements	26
Management and Administration	49
Glossary and Alternative Performance Measures	51

## VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

### CHAIRMAN'S STATEMENT

Dear Shareholder,

While the news around the world has continued to be dominated by the effects of the COVID-19 pandemic, Vietnam generally continues to fare very well. The Vietnamese government has continued with its strict and highly effective measures to prevent the spread of the virus. With very low incidence in the country, government policy has focused on preventing travellers importing the virus, along with an effective monitoring programme to ensure that any local outbreaks are rapidly and thoroughly contained.

The result of the Vietnamese government's policy has been that, with the notable exception of international travel and tourism which were of course effectively shut down by quarantine restrictions, most economic activity was able to return to normal in the second half of 2020. This includes both industrial activity and the domestic part of the service sector, in marked contrast to most of the developed world. Once again, Vietnam recorded a continuing high trade surplus and high levels of foreign direct investment and overall the economy grew by an estimated 2.9%. This was a very strong outcome in a world beset by problems related to the pandemic.

### Investment Returns

Having reported a small decline in Net Asset Value ("NAV") per share in USD in the last full accounting year it is encouraging that over the six months under review the NAV total return<sup>1</sup> was very strong at +28.0% (all returns measured in USD on a total return basis).

The NAV total return was lower than that of the listed market as measured by the VN Index over the six months under review. Shareholders may recall that the return over the last full financial year outperformed that of the index (the NAV total return declined by 1.5% compared with an index total return of -11.7%). Both of these comparisons reflect the fact that our Investment Manager's approach to investment is not in any way influenced by the composition of the index and that the valuation of private equity investments is generally not as volatile as that of listed equities. Indicators in the portfolio were positive; for example the average actual earnings of companies in our listed portfolio increased by 21.1% in calendar year 2020, compared with a 0.2% decrease in earnings for the overall market.

As described in their report, our Investment Manager was active both in taking advantage of market volatility to reposition the listed equity portfolio and in a number of private equity deals.

### Dividends

The Board has today declared an increased dividend of 6.0 cents per share, payable to shareholders on or around 4 May 2021. Since declaring the Company's first dividend in 2017 we have continued with a policy of declaring a dividend twice per year. The dividend was initially set at approximately 1% of the NAV each half year, and we have continued with this approach subject to at least maintaining the previous level.

### Discount

The strong investment return was accompanied by renewed investor interest in Vietnam in the latter part of the period. Our brokers reported a noticeable increase in demand and this resulted in the discount<sup>2</sup> reducing from 18.1% as at 30 June 2020 to 7.9% at the end of December. We continue to buy back shares when the Board, in close consultation with our Corporate Brokers at Numis Securities, believes that the discount is too wide. Our Investment Manager, supported by our UK Marketing and Distribution Partner, Frostrow Capital and by Numis Securities continue to devote a lot of time and effort to promoting VOF's shares both to existing and to potential Shareholders. In recent months our Investment Manager has not, of course, been able to travel but much use has been made of video technology, including an annual conference hosted in Ho Chi Minh City but available to a world wide audience.

<sup>1</sup> Calculated as NAV per share as at 31 December 2020 plus dividends per share paid during the period divided by NAV per share as at 30 June 2020.

<sup>2</sup> Calculated as NAV per share less share price divided by NAV per share.

## **VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED**

### **CHAIRMAN'S STATEMENT (continued)**

#### **Discount (continued)**

Since the end of 2020, the discount has been volatile, in many ways following the volatility of the markets as well as reflecting changes in the shareholder register. The holdings of individual investors have been growing as institutional managers have sold down at lower discount levels. The Board believes this balance of investor types on the register is in the interests of the Company and will help to stabilise the discount over time. The discount reached a low of around 5% before trading back out to the low teens. At the time of writing, it has settled around the 12% level.

#### **Investment Management Fees**

The strong performance in the half year has led us to provide for some USD31.4 million for incentive fees potentially payable partly this year and partly in subsequent years. The amount which can be paid out in any one year is capped and, if the NAV as at 30 June 2021 were to be at the same level as it was on 31 December 2020, the amount which would be paid out with respect to the current accounting year is USD15.5 million. The balance above this cap would be carried forward with payment in future years depending, inter alia, on the NAV at least being maintained.

#### **Investment Policy**

The Company has as part of its formal investment policy a statement that "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". This statement was included in the Investment Policy to confirm compliance with Listing Rule 15.2.5 when the Company first listed on the London Stock Exchange's Main Market. In response to an enquiry from a shareholder, we announced on 4 January 2021 that in practice the Company does not invest in other listed closed end funds and currently has no intention to do so. The Directors intend to propose a change to the formal investment policy, to exclude investments in other listed closed end funds, at the Company's next Annual General Meeting ("AGM") to be held in December 2021.

#### **The Board**

As reported in the last annual report, I am the longest serving director, having joined the board in February 2013, and I intend to stand down after the AGM in December 2021. A succession plan is in place. Huw Evans, who joined the Board in May 2016 and has been the Chair of the Audit Committee since the AGM in December 2016, will become the Chairman of the Company after this year's AGM. At that point, Julian Healy, who joined the Board in July 2018 will become Chairman of the Audit Committee. Before that date, we expect to appoint a further non-executive director, following a recruitment process which is currently underway.

#### **AGM**

All resolutions at the AGM were passed by a large majority and the Board would like to thank shareholders for their continuing support.

## **VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED**

### **CHAIRMAN'S STATEMENT (continued)**

#### **Outlook**

As set out in our Investment Manager's Report the Vietnamese economy is set fair to deliver a respectable level of growth this year. This is, of course, predicated on a view that the country will continue to be successful in keeping COVID-19 at bay. The fact that Vietnam has relied on isolation rather than access to vaccines as a way to deal with the pandemic may be an issue in due course but, as we have experienced so far, any problems may continue to be confined to sectors reliant on international travel. We expect that the domestic economy and, critically, exporters will continue to operate effectively within the restrictions.

Our Investment Manager is cautiously optimistic for 2021 and the portfolio does appear to be well positioned with the listed shares at a more attractive valuation than the market in general, the private equity holdings generally performing well and a strong pipeline of potential new investments.

**Steven Bates**

*Chairman*

VinaCapital Vietnam Opportunity Fund Limited

26 March 2021

## VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

### INVESTMENT MANAGER'S INTERIM REPORT

#### Controlling COVID-19

Vietnam has been very fortunate to have, for the most part, controlled the spread of COVID-19 and has been cited as having one of the best-organised epidemic control programmes in the world. In fact, a recent Lowy Institute paper published in late January 2021 ranked Vietnam second, out of 98 countries, and only behind New Zealand (first place) and ahead of Taiwan (third place), in their success of handling the pandemic<sup>1</sup>. Domestic economic activity rapidly resumed in the second half of the calendar year, and by year end the country posted positive GDP growth of 2.9% for 2020, while most nations saw their economies contract.

In late July, after almost 100 days of zero community transmission, a second outbreak started in the central part of the country with over 550 new cases detected and resulting in 35 deaths, mostly among elderly patients and those with serious underlying medical problems. By September the second wave was well under control and movement restrictions lifted for several hotspot areas. Then, in late January 2021, a third wave was detected, initially in the northern part of the country but which rapidly spread to 13 cities and provinces shortly before the start of the all-important Lunar New Year holidays (Tet) when typically people will travel to their home towns and congregate with family. However, given the outbreak we saw a much more subdued holiday period with far fewer travellers. This has helped to control the outbreak of the third wave, and as at the time of releasing this report we have seen just over 900 cases of community infection, once again a testament to Vietnam's ability to contain this pandemic.

Given Vietnam's almost 100 million population, the relatively few cases of infection and deaths are significantly below most nations around the world and in large part, due to:

- 1) The government aggressively quarantining infected and possibly infected cases in government-controlled facilities rather than at individuals' homes.
- 2) Quick and pervasive contact tracing to identify and quarantine possibly infected cases.
- 3) Highly restricted international travel with most, if not all, people entering Vietnam requiring pre-approval by the Government and quarantine for 14 days upon entry at a Government-controlled quarantine location or, for some non-Vietnamese, designated private hotels.
- 4) Mandatory wearing masks in public. For the most part, Vietnamese are respectful of others and the Government's requirement to wear masks in public and crowded locations. Fines are imposed for disregarding rules.

With minimal communal infection of COVID-19 for most of the second half of 2020, Vietnam residents were able to enjoy some normality in their everyday lives, with the exception of international travel. This meant that most service providers like restaurants, wedding centres, beer halls, bars, and athletic events were able to carry on business as usual during that period. Having said that, with international tourism down to zero, many of these service providers experienced a significant reduction of customers, particularly for high-end restaurants that typically cater to tourists, four and five-star hotels, airlines, and other travel related businesses.

Following positive news of vaccine trials in late 2020, coupled with vaccines being comfortably accepted and distributed across developed countries, Vietnam's stock markets reacted positively and in line with global markets. In late February 2021, Vietnam received its first batch of 117,000 doses of the AstraZeneca vaccine manufactured by South Korea's SK Bioscience, out of an initial order of 30 million doses. In early March 2021 the government had started administering these to frontline healthworkers and prioritised groups. Additional vaccines are in the process of being ordered and Vietnam will also be a recipient of almost 5 million vaccine doses as part of the COVAX global initiative. By the end of 2021, the Government expects that over 17% of Vietnam's population will be vaccinated. What remains unclear is how the government will treat vaccinated travellers coming to Vietnam, and while some of these issues will require cooperation between countries, we hope that these questions will be addressed shortly.

<sup>1</sup> <https://interactives.lowyinstitute.org/features/covid-performance/#rankings>

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

**Leadership Changes**

In early 2021, the Communist Party of Vietnam was in the final stages of electing new government leaders for the next five years from the Ministerial level to the Party Secretary positions. This event happens every five years and normally current leaders over the age of 65 will retire, although this election cycle has proved different; we have seen the current Party General Secretary, who is widely credited with stabilising the state affairs amid the COVID-19 pandemic, remain for an unprecedented third term. We expect a continuation of the reform initiatives that have been underway over the years and we do not expect any major changes to economic, fiscal and monetary policies and, because of this, we expect inflation to remain tamed, interest rates to continue declining and the Vietnamese currency to remain stable against the US Dollar, and possibly even appreciate.

**VOF Portfolio Performance**

Against this backdrop of economic growth, containment of the pandemic, and government stability, the second half of 2020 produced a period of strong recovery for the VN Index. During this six month period, the VN Index increased by 36.2% (all returns measured in USD on a total return basis) to close at 1,104 points, and when measured from the lowest point during the calendar year (24 March 2020), the VN Index delivered an impressive 74.0% total return. According to Bloomberg, the VN Index’s trailing price-to-earnings ratio by year end was 17.2x, having expanded from the 30 June average of 13.9x reflecting the better-than-expected earnings position and the outlook for the market.

Over the same six-month period, VOF delivered a 28.0% total return on NAV per share, while the share price over the same period increased by 44.3% (all returns measured in USD on a total return basis), which resulted in the discount narrowing to 7.9% from 18.1% as at 30 June 2020. We have seen continued interest in VOF from new and existing shareholders.

Furthermore, VOF continues to be active and consistent in its various forms of distribution to investors. During the six-month period under review, VOF bought back 5.6 million shares, equivalent to USD23.7 million via the share buyback programme, and paid USD9.4 million in dividends to shareholders, which represents a dividend yield of 1.3%, based on the share price at the date before the ex-date of 5 November 2020.

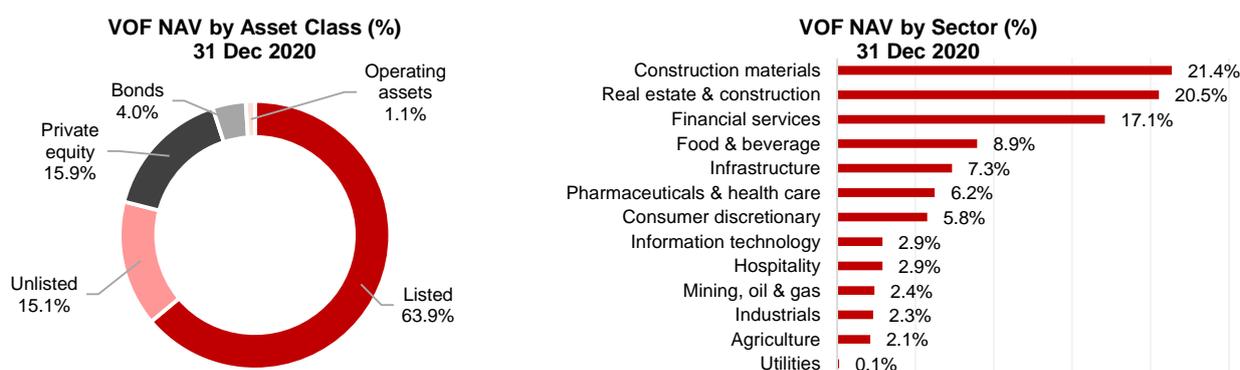


Chart: VOF portfolio by asset class and sector as at 31 December 2020, excluding Cash & Others (-1.6% of NAV)

VOF’s public equities portfolio is well positioned for 2021, with an average trailing twelve-month (TTM) P/E ratio of 12.6x while the VN Index is at 17.2x. The 2021 forward average P/E for VOF’s public equities portfolio companies is projected to be 10.1x. Further, we expect VOF’s public equities portfolio companies to grow their earnings at an average rate of 35% in 2021 over 2020, while according to Bloomberg the expected average EPS growth for the VN Index companies is 23.9%. The 2020 over 2019 average earnings growth of VOF’s public equities portfolio companies was 21%, while companies on the HOSE saw their earnings decrease slightly by 0.2%, according to Bloomberg.

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

**VOF Portfolio Performance (continued)**

The key contributors to VOF's performance were a number of high-quality companies which make up a large portion of VOF's NAV. These companies delivered above-average earnings growth and capital appreciation during 2020, and we believe that their earnings will continue to grow with strength in 2021. We also highlight below the key detractor to performance during the period of review.

- **Hoa Phat Steel (ticker: HPG)**, which makes up 18.1% of VOF's total NAV, saw its share price increase by 89.1% in 2H2020 and 115.6% during the entire calendar year, and is one of the key contributors to market performance during the year. VOF invested in HPG over thirteen years ago and had a representative on the Board of Directors during the first six years of investing to help build the manufacturing foundation that is bearing fruit today, and is expected to continue for the years to come. HPG has about a 3% weight in the VN Index and the overweight position relative to the index weight reflects VOF's strategy of investing meaningful amounts in businesses which the Investment Manager feels strongly about regardless of their weight in the stock market.

HPG saw its earnings grow by 81% during 2020 and we expect it to grow by 35% in 2021. It is the largest steel company in Vietnam and holds a 33% domestic market share (having increased by 6.8% in 2020) and continues to grow its business in southern Vietnam. In 2020, HPG increased capacity from producing 2.6 million tons of steel to 6.9 million tons, almost tripling 2019 capacity. With sales prices well below its nearest competitors and having consistent quality, HPG has taken market share nationwide, especially in the south, and continues to grow as it introduces new capacity.

- **Khang Dien Housing (ticker: KDH)**, which makes up 9.0% of VOF's total NAV, saw its earnings grow by 26% during 2020 and we expect it to grow by 15% to 20% in 2021. KDH is one of the largest landed residential developers in Vietnam with a pipeline that will take at least 20 years to develop. The company is well known for developing and delivering high quality, landed homes on time, with proper legal documentation. Furthermore, the KDH pricing model and strategy allows for modest gains in the secondary market for primary home buyers.
- **Airports Corporation of Vietnam (ticker: ACV)**, which represents 7.2% of total NAV, saw its earnings decline by 77% relative to 2019. ACV operates all 23 airports in Vietnam and has seen its revenue from foreign travel drop completely. However, because it operates as a monopoly in a sector that is poised to recover rapidly with the introduction of vaccines and hence travel, we saw the ACV share price climb by almost 40% during the second half of 2020. For the full year 2020, the ACV share price increased by 8%, which is respectable given the circumstances of its operating environment. Although VOF has been fortunate to have many portfolio companies deliver earnings growth in 2020, the portfolio did have a few businesses that were directly affected by the travel restrictions and the decline in tourism.

**The Economy**

It appears that Vietnam's successful control of COVID-19 in 2020 will carry over to 2021 as most economists around the world project that the country is poised to grow GDP by 6.1% (Asian Development Bank) to 10.9% (S&P Global). Our own view is consistent with the Government, which projects that GDP will grow by around 6.5%.

During 2020, we also experienced a steep decline and then recovery in oil prices. Since energy along with food and foodstuffs make up large components of the CPI basket, we did see inflation in Vietnam increase during the calendar year, with an average year-on-year monthly rate of 3.2%. Meanwhile, December 2020 inflation measured year-on-year against December 2019 was only 0.2%.

This has given a lot of room for the State Bank of Vietnam to drive interest rates down while maintaining a stable currency (VND) against the USD. The twelve-month deposit rates in VND at the nation's largest bank were 6.8% in January 2020 and 5.6% in December 2020.

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

**The Economy (continued)**

Furthermore, resurgent trade and exports resulted in a strong trade surplus of USD20 billion for 2020 and a current account surplus. With the US being the largest export market for Vietnam, this unfortunately led to the previous US administration accusing Vietnam of being a “currency manipulator” in late 2020, the outcome of which should put pressure on the VND to remain stable or even appreciate over the coming years. Vietnam has enjoyed nearly ten consecutive years’ worth of trade surpluses and historically this is typically the amount of time where most Asian “tiger” economies, as well as China, have seen a pivot on the currency front, from long-term depreciation to appreciation against the USD. It is encouraging to see that the government has built up an impressive USD reserve of almost USD100 billion which represents over three months’ worth of imports; this has certainly contributed to the VND’s stability and outlook.

We attribute the rapid decline in interest rates during 2020 as being one of the key contributors to the steep increase in the VN Index and the surge in trading volumes witnessed in late 2020. Along with a stable currency against the USD, domestic investors seem happy to migrate capital out of term deposits into the stock market as well as into real estate.

**Public Markets**

Foreign investors were not kind to Vietnam’s stock markets in 2020. There was a net outflow attributed to foreign investors of USD876 million from the public markets (listed equities and bonds). However, in 2020 foreign direct investments, which is considered long term or “sticky” capital, saw disbursements of USD20 billion, a similar level to 2019.

The stock markets were fortunate to have domestic investors step-up and buy assets that foreigners sold and more, thus helping the VN Index increase by 17.4% in total return terms. Over the course of 2020, almost 400,000 new domestic brokerage accounts were opened and in December 2020 the average daily trading volume was USD551 million per day, compared with USD121 million per day in January 2020.

**VOF’s Portfolio Activities**

<b>Top ten public equity holdings</b>				
<b>No.</b>	<b>Investee company</b>	<b>% of NAV</b>	<b>Sector</b>	
1	Hoa Phat Group (HPG)	18.1%	Construction materials	
2	Khang Dien House (KDH)	9.0%	Real estate & construction	
3	Airports Corporation of Vietnam (ACV)	7.2%	Infrastructure	
4	Phu Nhuan Jewelry (PNJ)	5.0%	Consumer discretionary	
5	Asia Commercial Bank (ACB)	5.0%	Financial services	
6	Eximbank (EIB)	4.7%	Financial services	
7	Orient Commercial Bank (OCB)	3.8%	Financial services	
8	Vinamilk (VNM)	3.8%	Food & beverage	
9	Quang Ngai Sugar (QNS)	3.7%	Food & beverage	
10	Vinhomes (VHM)	3.5%	Real estate & construction	
		<b>63.8%</b>		

**Public Equities**

As the Vietnamese stock markets declined in the Spring of 2020, the Investment Manager saw many opportunities for VOF to take advantage of low valuations in strong businesses, at levels that we have not experienced in recent years. VOF deployed over USD130 million into several public companies, including Asia Commercial Bank, Vietcombank, Vinhomes, FPT Group, Phuoc Hoa Rubber, and VP Bank.

## VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

### INVESTMENT MANAGER'S INTERIM REPORT (continued)

#### VOF's Portfolio Activities (continued)

##### *Public Equities (continued)*

- **Asia Commercial Bank (ticker: ACB):** VOF deployed USD44 million into ACB and saw this stake deliver a 23% return by the end of 2020. We believe that ACB is a strong commercial bank that is well managed and poised to continue to grow its earnings by 15% to 20% per annum for at least the next three years. ACB also presented us with three major catalysts that could deliver short term gains: (1) it signed an exclusive bancassurance contract with Sunlife for 15 years and earning a large one-time fee after we invested; (2) ACB committed to migrate its listing from the Hanoi Stock Exchange to the Ho Chi Minh Stock Exchange (HOSE), which it subsequently completed before the year end; and (3) it is expected to sell its securities business in 2021.
- **Vietcombank (ticker: VCB):** VOF deployed USD22 million into VCB and saw this stake deliver a 29% return by the end of 2020. We believe that VCB is the best commercial bank in Vietnam, with projected EPS growth of 13% to 15% over the next three years. The State holds 75% of VCB and VCB enjoys a number of unique benefits that allow it to earn a much higher net interest margin. VCB trades at a higher price-to-book value than most of its peers, at more than 3x, but it also has available foreign ownership room for foreign investors to acquire shares directly without limitation or premium. With a market capitalisation of over USD16 billion, making it the largest listed company by that metric, we believe that VCB is the go-to holding for foreign investors seeking exposure to Vietnam.
- **Vinhomes (ticker: VHM):** VOF deployed USD33 million into VHM and saw this stake deliver a 15% return by the end of 2020. We believe that VHM is one of the best and largest real estate developers in Vietnam and is poised to continue to grow its earnings by 15% to 20% over the next three years. VHM recently welcomed KKR and other international investors and sovereign funds onto its shareholder list and it has available room for foreign investors to acquire shares directly without limitation. With a market capitalisation of over USD14 billion, we believe that this is also another go-to holding for foreign investors seeking exposure to Vietnam.
- **FPT Group (ticker: FPT):** VOF deployed USD15 million into FPT and saw this stake increase in value by 7% by the end of 2020. FPT is the largest IT company in Vietnam and, like many other IT companies around the world, it has benefited from the pandemic as people increasingly relied on technology to ease their life. We believe that FPT is well managed and poised to continue to grow its earnings by 15% to 20% per annum for at least the next three years.
- **Phuoc Hoa Rubber (ticker: PHR):** VOF deployed USD10 million into PHR and saw its stake increase in value by 43% by the end of 2020. With the US – China trade war ongoing and with COVID-19 having disrupted supply chains around the world, there has been increasing interest from multinationals to relocate manufacturing activities to Vietnam. PHR is one of the largest owners of industrial parks in the country, and it partners with global players such as the Vietnam Singapore Industrial Park (VSIP).
- **VP Bank (ticker: VPB):** VOF deployed USD9 million into VPB and saw this stake increase in value by 47% by the end of 2020. We believe that VPB is a strong player in Vietnam's commercial bank sector, with projected EPS growth of 15% to 17% over the next three years. VPB is in the process of selling half of its 100% stake in the largest consumer finance business in Vietnam, FE Credit (FEC). FEC's rumoured valuation is between USD2.5 billion and USD3 billion. At the time of our investment, VPB's market capitalisation was USD2.4 billion and with the expected sale of 50% of FEC we believe that VPB may double in market value, which has been reflected in the price performance over recent months.

The Investment Manager also took advantage of the strong rally in the market during the second half of 2020 to divest a number of listed holdings with earnings potential deemed less favourable in the coming years, which generated USD67 million to reinvest in the opportunities noted above.

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

**VOF's Portfolio Activities (continued)**

***Private Equity***

Turning to our private equity activities, in August 2020 VOF led a consortium that invested in Thu Cuc International Hospital ("TCI") and VinaCapital's clients successfully invested USD27 million for a significant minority stake, of which VOF deployed USD22 million. In addition to carrying out full due diligence, e.g. financial, legal and ESG reviews, VOF also has a three-year growth commitment and minority protections including tag and drag along rights and a commitment to a stock market listing from the company. The Investment Manager has one seat in a three-member board of directors. TCI is well-known and trusted brand in Hanoi. In addition to being the largest private hospital system in the city, it also operates a large network of beauty clinics. Together with the sponsor, the Manager restructured the business into two components, with VOF only investing in the hospital business given our experience in growing health care providers and the positive market dynamics that we see for the sector.

Also in July 2020, VOF deployed USD20 million into the Kido Group ("KDC") via a structured investment, the largest producer of edible oils and ice cream in Vietnam with a market value of over USD350 million. VOF's investment terms include an exit option with a minimum IRR after 18 months or equity participation thereafter.

In November 2020, VOF redeemed its Novaland-related convertible instrument as the exercise price at the redemption date was higher than the prevailing market price in exchange for a replacement USD30.4 million instrument with a minimum guaranteed annual return in the upper teens. In late December 2020 VOF followed up with a new two-year convertible instrument of USD43.3 million, which represented half of a syndicated offering led by VinaCapital. The terms included collateral coverage of 1.5 times, a minimum guaranteed return and an exercise price based on the closing price on the date of disbursement. Novaland is one of the largest real estate developers in Vietnam with a market capitalisation of over USD3 billion.

Orient Commercial Bank ("OCB"), a long-standing investment in the financial sector in the portfolio that was initially entered through a private equity investment, listed on the HOSE in January 2021. During the second half of 2020, OCB invited Aozora Bank from Japan to become a strategic investor with a stake of approximately 15% at a valuation well above USD1 billion. VOF invested 5% into OCB as a private equity investment in 2017 at a valuation of USD300 million. In advance of its IPO, OCB's share price climbed in the second half of 2020 by over 78%.

We succeeded in a significant divestment from the PE portfolio during the period under review. In August 2020, together with our co-investor, Daiwa PI Partners, VOF fully divested its investment in International Dairy Products ("IDP"), one of Vietnam's leading dairy producers, to a Vietnamese financial and strategic investor in the consumer goods and dairy products sector. The investment in IDP was one in which we set out to restore a distressed business with the hope of exiting after several years. While it took longer to exit than anticipated, VOF and its co-investor received gross proceeds of over USD80 million for this divestment. While the financial terms of the divestment of this privately negotiated transaction were not disclosed, the divestment produced a return of approximately 1.5 times invested capital for VOF.

**Not everything was good**

During a difficult year, weighed down by the COVID-19 global pandemic, not all was positive in Vietnam. The aviation sector and related business were heavily affected. Foreign travel, except for certain cases, has completely stopped since March 2020. This has had a major negative impact on the tourism industry that directly contributes 10% of Vietnam's GDP and indirectly contributes almost 20% of the country's economy.

As mentioned above, our holding in ACV was affected by COVID-19 but fortunately its share price return was positive for the full year in 2020.

## **VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED**

### **INVESTMENT MANAGER'S INTERIM REPORT (continued)**

#### **Not everything was good (continued)**

In addition, VOF has a 5.9% stake in a company called Petrolimex Aviation ("PAV") which represents 1.1% of the overall NAV. PAV is the second largest aviation fuel provider in Vietnam behind Vietnam Airlines' own fuel provider. Its revenue significantly declined compared to 2019, a year in which it recorded an almost 100% increase in revenues, and it has a sizeable accounts receivable balance from domestic carriers that are facing financial difficulties. PAV is expected to deliver a profit of USD1.7 million in 2020, compared to a profit of USD29 million in 2019. The largest shareholders owning 94% of this business include the Government's petroleum company, Petrolimex Group, and other State investors. Because of this we expect that PAV will have the full support of its major shareholders and will be poised to recover quickly once travel resumes to pre-COVID levels.

In light of the impact that the pandemic is having on the tourism and travel sectors, VOF no longer has any hotel assets or airlines in its portfolio. Prior to the pandemic, VOF owned a significant stake in the Sofitel Metropole Hanoi and in the largest low-cost domestic air carrier, VietJet Air, which we had already fully exited in previous years.

#### **VOF's strategy**

VOF is an "opportunity" fund which provides investors with access to a range of investment opportunities in Vietnam, focusing on private and public equities and other equity-related opportunities that can generate risk-adjusted returns well above market potential in the medium to longer terms. We seek to acquire large, meaningful positions in growing private or public businesses with a holding period of at least five years. These businesses need to demonstrate an ability to grow earnings at a rate of at least 15% per annum and/or have some catalysts for a meaningful re-rating of their valuation.

We take a private equity approach and mindset to investing in Vietnam. Specifically, this means that we pursue investments not generally available to the market, and includes seeking preferred investment terms, downside protection, due diligence rights and active participation at the board and/or managerial level. We focus primarily on taking significant minority stakes in investee companies and rely on current management to grow the business to the next level.

#### **VOF's ESG view**

We strive to add value in each of our investments, with a focus on human resources and product development, capital structure and corporate governance improvements. The Investment Manager views ESG as an important factor contributing to the growth of shareholder value and engages a third party to perform ESG audits where possible. These reviews typically result in the setting of clear KPI's for changes and/or improvements as part of the investment terms, whether they are conditions precedent or subsequent, with associated penalties if the KPIs are not achieved.

#### **Pipeline**

Over the years, we have seen our share of mistakes and successes and have come to the conclusion that the most important facet of the process is the ability to handpick private deals which we enter. This means really understanding management, who they are and what motivates them, and aligning our objectives with theirs to create win-win scenarios. The most important part of choosing the right deals is to know your partners.

We spend the majority of our time sourcing and investigating investment opportunities prior to going public. Furthermore, our terms of entry in private equity opportunities typically include performance commitments, drag/tag rights, as well as board and management participation. They also come with due diligence rights, the results of which may mean that we have to be very active in some circumstances while remaining quite passive in others.

## VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

### INVESTMENT MANAGER'S INTERIM REPORT (continued)

#### Pipeline (continued)

We always need to secure an exit and our typical time horizon is 3-5 years. Exits can take several forms, such as trade sales (i.e. Halico, Prime, Pho24, ISL, Cofico, TMS, Hoan My Hospital, NIVL) and listings (i.e. KDC, KDH).

We will continue to focus on private opportunities in sectors like education, healthcare, agriculture, financial services, property, infrastructure, and branded consumer goods. We will work with proven entrepreneurs to grow their businesses and take them to the next level.

Over the last year or so, public equity valuations would appear inexpensive particularly during the first half of 2020, while the state of the economy has proven to be increasingly stable. Recently, valuations as measured by price-to-earnings, price-to-sales and EV/EBITDA multiples have climbed but still lag behind those of other regional markets such as the Philippines, Indonesia and Malaysia. The increase in valuations has started to turn investors' focus towards private investment opportunities, where companies may be found at lower valuations due to the investor having to accept risks such as lack of liquidity.

At the moment, we are seeing a number of opportunities in the private equity space. These opportunities have come about not only because of the dynamics discussed above, but also due to the fact that credit is still difficult for companies to access. The Vietnamese banking system, although flush with liquidity, is still going through a deleveraging phase as banks work through their non-performing loans and so credit growth has been limited.

VOF is currently considering several private equity opportunities with total investment value over USD200 million in the following sectors:

- Education: VOF is looking at two education opportunities, one of which is the largest K-12 private school in Vietnam. This investment will take time to review and negotiate the terms and structure to protect VOF's investment while providing the opportunity for upside potential in three to five years.
- Financial: VOF is evaluating a minority stake in a tier three bank that has significant upside potential if the growth plan provided by the sponsor can be realised in the next three to five years.
- Healthcare: VOF is considering a major investment in the largest retail healthcare system in Vietnam, which is poised to benefit from an aging population that is getting wealthier every year.
- Consumer goods and staples: Vietnam's largest (and currently private) personal care product manufacturer is currently raising capital to expand and could possibly list in three years' time. VOF is currently reviewing this business and its current challenges.

## **VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED**

### **INVESTMENT MANAGER'S INTERIM REPORT (continued)**

#### **Looking ahead in 2021**

We are cautiously optimistic for 2021. Various indicators (including Google mobility indicators, retail sales, consumer confidence, motor vehicle sales and loan growth) reflect the ongoing economic recovery in Vietnam. Its appeal to foreign and domestic investors alike remains sound and largely unchanged. VOF continues to focus on its core strategy and seek solid opportunities where the Investment Manager has due diligence rights and VOF can invest a meaningful amount coupled with terms consistent with private investments.

Vietnam's ability to control COVID-19, provide a stable political and economic environment, and welcome FDI, particularly in the manufacturing sector, has led to an economic resiliency rarely seen in other countries. Attractive valuations combined with clear visibility to strong earnings growth and low foreign investment penetration mean that Vietnam is poised to enjoy significant foreign investment inflows in the coming years. Other factors that will continue to support interest in Vietnam include risk-on sentiment, continuing quantitative easing measures in the US and Europe and US Dollar weakness. While the past 12 months have certainly demonstrated that the world is unpredictable, we continue to be confident about Vietnam's ability to successfully navigate what might come its way.

#### **Andy Ho**

Chief Investment Officer and Managing Director  
VinaCapital Vietnam Opportunity Fund Limited  
26 March 2021

## **VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED**

### **INTERIM REPORT OF THE BOARD OF DIRECTORS**

The Board of Directors (the “Board”) submits its report, together with the Condensed Interim Financial Statements, of VinaCapital Vietnam Opportunity Fund Limited (the “Company”) for the six-month period from 1 July 2020 to 31 December 2020 (the “six-month period”).

The Company is a Guernsey domiciled closed ended investment company. It 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”).

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

### **INVESTING 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 NAV of the Company at the time of investment.

The Company may from time to time invest in other funds focused on Vietnam. This includes investments in other funds managed by VinaCapital Investment Management Limited (the “Investment Manager”). Any investment or divestment into or out of funds managed by the Investment Manager will be subject to prior approval by the Board.

The Company has as part of its formal investment policy a statement that “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”. This statement was included in the Investment Policy to confirm compliance with Listing Rule 15.2.5 when the Company first listed on the London Stock Exchange’s Main Market. In practice, the Company does not invest in other listed closed end funds and currently has no intention to do so. The Directors intend to propose a change to the formal investment policy to exclude investments in other listed closed end funds at the Company’s next Annual General Meeting to be held in December 2021.

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

The Company may gear its assets through borrowings which may vary substantially over time according to market conditions and any or all of the assets of the Company may be pledged as security for such borrowings. Borrowings 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

### INTERIM REPORT OF THE BOARD OF DIRECTORS (continued)

#### Principal Risks

The process which the Company follows in order to identify and mitigate its key risks is set out on pages 32 to 37 of the Annual Financial Statements for the year ended 30 June 2020 (the "Audited Financial Results"), a copy of which is available on the Company's website <https://vof.vinacapital.com>. The Directors have reviewed the key risks and have confirmed that the list as set out in the Annual Report, which is summarised below, remains appropriate.

##### *COVID-19 pandemic*

While the pandemic has been 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 still affect the performance of the Company's investments.

##### *Vietnamese Market Risk*

Opportunities for the Company to invest in Vietnam have come about through the liberalisation of the Vietnamese economy. Were the pace or direction of the economy to alter in the future, the interests of the Company could be damaged. Changes in the equilibrium of international trade caused, for example, by the imposition of tariffs could affect the Vietnamese economy and the companies in which the Company is invested. 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.

##### *Changing Investor Sentiment*

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

##### *Investment Performance*

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

##### *Fair Valuation*

The risks associated with the fair valuation of the portfolio could result in the NAV of the Company being misstated. The quoted companies in the portfolio are valued at market price but many of the holdings are of a size which would make them difficult to liquidate at these prices in the ordinary course of market activity. The unlisted securities are valued at their quoted prices on UPCoM or using quotations from brokers, but many of the holdings are of a size which would make them difficult to liquidate at these prices in the ordinary course of market activity. The fair valuation of 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.

##### *Foreign Exchange*

The values of the Company's underlying investments are, in the main, denominated in Vietnamese Dong whereas the Company's accounts are prepared in US Dollars. The Company does not hedge its Vietnamese Dong exposures, so exchange rate fluctuations could have a material effect on the NAV.

##### *Investment Management Agreement*

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

##### *Operational*

The Company is dependent on third parties for the provision of all systems and services (in particular, those of the Investment Manager and the Administrator) and any control failures or gaps in these systems and services could result in a loss or damage to the Company. While the Company and its key service providers have dealt well with the effects of the COVID-19 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.

## VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

### INTERIM REPORT OF THE BOARD OF DIRECTORS (continued)

#### Principal Risks (continued)

##### *Legal and Regulatory*

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. 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.

#### 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.

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;
- (b) the interests of the company's employees;
- (c) the need to foster the company's business relationships with suppliers, customers and others;
- (d) the impact of the company's operations on the community and the environment;
- (e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly as between members of the company.

The process which the Company follows in order to consider and adhere to the matters above is set out on page 25 of the Annual Report and Financial Statements for the year ended 30 June 2020, a copy of which is available on the Company's website.

#### 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.

#### Results and Dividend

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

When the Board first declared a dividend in 2017, it was the intention that the Company would pay a dividend representing approximately 1% of NAV twice each year. The first half-yearly dividend was 4.8 cents per share and in subsequent years the dividend increased to 5.5 cents per share. The Board has continuing confidence in the future of the Company and at the half year stage the board has decided to increase the dividend to 6.0 cents per share.

#### Performance

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

## VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

### INTERIM REPORT OF THE BOARD OF DIRECTORS (continued)

#### Performance (continued)

The key performance indicators (“KPIs”) used to measure the progress of the Company during the six-month period include:

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

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

#### Related Parties

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

#### Share repurchase programme

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

#### Board of Directors

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

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

#### Directors’ interests in the Company

As at 31 December 2020 and 30 June 2020, the interests of the Directors in shares of the Company were as follows:

	<b>Shares held as at 31 December 2020</b>	<b>Shares held as at 30 June 2020</b>
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	9,464

**VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED**

**INTERIM REPORT OF THE BOARD OF DIRECTORS (continued)**

**Going Concern**

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

Signed on behalf of the Board by:

**Steven Bates**

*Chairman*

VinaCapital Vietnam Opportunity Fund Limited

26 March 2021

**VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED**

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

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

- the Condensed Interim Financial Statements have been prepared in accordance with IAS 34, "Interim Financial Reporting"; and
- the Interim Report, comprising the Chairman's Statement, the Investment Manager's Report and the Interim Report of the Board of Directors, meets the requirements of an interim management report and includes a fair review of information required by:
  - (i) DTR 4.2.7R of the UK Disclosure and Transparency Rules, being an indication of important events which have occurred during the first six months and their impact on the Condensed Interim Financial Statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - (ii) DTR 4.2.8R of the UK Disclosure and Transparency Rules, being related party transactions which have taken place in the first six months and which have materially affected the financial position or performance of the Company during that period, and any material changes in the related party transactions disclosed in the last Annual Report.

Signed on behalf of the board by:

**Huw Evans**

*Director*

VinaCapital Vietnam Opportunity Fund Limited

26 March 2021

## VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

### INDEPENDENT REVIEW REPORT TO VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

#### Report on the condensed interim financial statements

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##### Our conclusion

We have reviewed VinaCapital Vietnam Opportunity Fund Limited's condensed interim financial statements (the "interim financial statements") in the Interim Report and Condensed Interim Financial Statements of VinaCapital Vietnam Opportunity Fund Limited for the 6-month period ended 31 December 2020. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

##### What we have reviewed

The interim financial statements comprise:

- the condensed statement of financial position as at 31 December 2020;
- the condensed statement of comprehensive income for the period then ended;
- the condensed statement of cash flows for the period then ended;
- the condensed statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

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

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

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#### Responsibilities for the interim financial statements and the review

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##### Our responsibilities and those of the directors

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

Our responsibility is to express a conclusion on the interim financial statements in the Interim Report and Condensed Interim Financial Statements based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED**

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

**Report on the condensed interim financial statements (continued)**

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**What a review of interim financial statements involves**

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

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

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

PricewaterhouseCoopers CI LLP  
Chartered Accountants  
Guernsey, Channel Islands  
26 March 2021

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CONDENSED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2020 USD'000 (Unaudited)	30 June 2020 USD'000 (Audited)
<b>CURRENT ASSETS</b>			
Financial assets at fair value through profit or loss	8	874,040	637,083
Receivables and prepayments	10	908	29
Cash and cash equivalents	6	1,458	7,457
<b>Total current assets</b>		<b>876,406</b>	<b>644,569</b>
<b>NON-CURRENT ASSETS</b>			
Financial assets at fair value through profit or loss	8	228,870	233,399
<b>Total non-current assets</b>		<b>228,870</b>	<b>233,399</b>
<b>Total assets</b>		<b>1,105,276</b>	<b>877,968</b>
<b>CURRENT LIABILITIES</b>			
Accrued expenses and other payables	12	17,024	1,863
<b>Total current liabilities</b>		<b>17,024</b>	<b>1,863</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred incentive fees	15(b)	13,730	-
<b>Total non-current liabilities</b>		<b>13,730</b>	<b>-</b>
<b>Total liabilities</b>		<b>30,754</b>	<b>1,863</b>
<b>EQUITY</b>			
Share capital	11	330,870	354,595
Retained earnings		743,652	521,510
<b>Total shareholders' equity</b>		<b>1,074,522</b>	<b>876,105</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,105,276</b>	<b>877,968</b>
<b>Net asset value, USD per share</b>	17	<b>6.30</b>	<b>4.97</b>
<b>Net asset value, GBP per share<sup>1</sup></b>		<b>4.61</b>	<b>4.01</b>

The Condensed Interim Financial Statements were approved and signed by the Board of Directors on 26 March 2021.

**Steven Bates**  
Chairman

**Huw Evans**  
Director

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

<sup>1</sup> The Company's shares are quoted in GBP. The USD NAV per share has been translated to GBP using the rate of exchange at 30 June 2020 and 31 December 2020.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CONDENSED STATEMENT OF CHANGES IN EQUITY

		Share capital	Retained earnings	Total equity
For the six months ended 31 December 2020 (Unaudited)	Note	USD'000	USD'000	USD'000
<b>Balance at 1 July 2020</b>		<b>354,595</b>	<b>521,510</b>	<b>876,105</b>
Profit for the period		-	231,548	231,548
<b>Total comprehensive surplus</b>		<b>-</b>	<b>231,548</b>	<b>231,548</b>
<b>Transactions with Shareholders</b>				
Shares repurchased	11	(23,725)	-	(23,725)
Dividends paid	9	-	(9,406)	(9,406)
<b>Balance at 31 December 2020</b>		<b>330,870</b>	<b>743,652</b>	<b>1,074,522</b>
<b>For the six months ended 31 December 2019 (Unaudited)</b>				
<b>Balance at 1 July 2019</b>		<b>387,788</b>	<b>591,914</b>	<b>979,702</b>
Loss for the period		-	(37,269)	(37,269)
<b>Total comprehensive deficit</b>		<b>-</b>	<b>(37,269)</b>	<b>(37,269)</b>
<b>Transactions with Shareholders</b>				
Shares repurchased	11	(6,909)	-	(6,909)
Dividends paid	9	-	(10,115)	(10,115)
<b>Balance at 31 December 2019</b>		<b>380,879</b>	<b>544,530</b>	<b>925,409</b>

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED  
CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six months ended 31 December 2020 USD'000 (Unaudited)	Six months ended 31 December 2019 USD'000 (Unaudited)
Dividend income	13	47,614	60,794
Net gains/(losses) on financial assets at fair value through profit or loss	14	221,344	(91,728)
General and administration expenses	15(a)	(8,166)	(7,873)
Finance cost	15(b)	-	(370)
Incentive fee (accrued)/written back	3, 15(b)	(29,244)	1,908
<b>Operating profit/(loss)</b>		<b>231,548</b>	<b>(37,269)</b>
<b>Profit/(loss) before tax</b>		<b>231,548</b>	<b>(37,269)</b>
Corporate income tax	16	-	-
<b>Profit/(loss) for the period</b>		<b>231,548</b>	<b>(37,269)</b>
<b>Total comprehensive profit/(loss) for the period</b>		<b>231,548</b>	<b>(37,269)</b>
<b>Earnings per share</b>			
- basic and diluted (USD per share)	17	1.34	(0.20)
- basic and diluted (GBP per share) <sup>1</sup>		0.98	(0.15)

All items were derived from continuing activities.

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

<sup>1</sup> The Company's shares are quoted in GBP. The USD NAV per share has been translated to GBP using the rate of exchange at 30 June 2020 and 31 December 2020.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CONDENSED STATEMENT OF CASH FLOWS

	Notes	Six months ended 31 December 2020 USD'000 (Unaudited)	Six months ended 31 December 2019 USD'000 (Unaudited)
<b>Operating activities</b>			
Profit/(loss) before tax		231,548	(37,269)
Adjustments for:			
Net gains/(losses) on financial assets at fair value through profit or loss	14	(221,344)	91,728
Incentive fee (accrued)/written back	15(b), 19	(29,244)	1,908
Finance cost		-	370
		<b>(19,040)</b>	<b>56,737</b>
Change in receivables and prepayments	10	(879)	(36)
Change in accrued expenses and other payables	12	58,135	(18,595)
<b>Net cash inflow from operating activities</b>		<b>38,216</b>	<b>38,106</b>
<b>Investing activities</b>			
Purchases of financial assets at fair value through profit or loss	8	(86,520)	(53,553)
Return of capital from financial assets at fair value through profit or loss	8	75,436	36,589
<b>Net cash generated from investing activities</b>		<b>(11,084)</b>	<b>(16,964)</b>
<b>Financing activities</b>			
Shares repurchased and cancelled	11	(23,725)	(6,909)
Dividends paid	9	(9,406)	(10,115)
<b>Net cash used in financing activities</b>		<b>(33,131)</b>	<b>(17,024)</b>
<b>Net change in cash and cash equivalents for the period</b>		<b>(5,999)</b>	<b>4,118</b>
Cash and cash equivalents at the beginning of the period	6	7,457	16,012
<b>Cash and cash equivalents at the end of the period</b>	<b>6</b>	<b>1,458</b>	<b>20,130</b>

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

## **VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

#### **1. GENERAL INFORMATION**

VinaCapital Vietnam Opportunity Fund Limited (the “Company”) is a Guernsey domiciled closed-ended investment company. The Company is classified as a registered closed-ended Collective Investment Scheme under the Protection of Investors (Bailiwick of Guernsey) Law 1987 and is subject to the Companies (Guernsey) Law, 2008.

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

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

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

The Condensed Interim Financial Statements for the six-month period ended 31 December 2020 were approved for issue by the Board on 26 March 2021.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **2.1 Basis of preparation**

The Company has prepared these Condensed Interim Financial Statements on a going concern basis in accordance with the Disclosure and Transparency Rules of the United Kingdom Financial Conduct Authority and IAS 34 “Interim Financial Reporting”. These Condensed Interim Financial Statements do not comprise statutory Financial Statements within the meaning of the Companies (Guernsey) Law, 2008, and should be read in conjunction with the Financial Statements of the Company as at and for the year ended 30 June 2020, which were prepared in accordance with International Financial Reporting Standards. The statutory Financial Statements for the year ended 30 June 2020 were approved by the Board of Directors on 26 October 2020. The opinion of the auditors on those Financial Statements was not qualified and did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report. The accounting policies adopted in these Condensed Interim Financial Statements are consistent with those of the previous financial year and the corresponding interim reporting period. New and amended standards have been considered in note 2.3. These Condensed Interim Financial Statements for the period ended 31 December 2020 have been reviewed by the Company’s Auditors, PricewaterhouseCoopers CI LLP, but not audited and their report appears earlier in this document. The financial information for the year ended 30 June 2020 has been derived from the Audited Annual Financial Statements of the Company for that year, which were reported on by PricewaterhouseCoopers CI LLP in the Company’s Annual Report and Financial Statements.

##### **2.2 Going concern**

The Directors believe that, having considered the Company’s investment objective, financial risk management and associated risks (see note 20) and in view of the liquidity of investments, the income deriving from those investments and its holding in cash and cash equivalents, the Company has adequate financial resources and suitable management arrangements in place to continue in operational existence for a period of at least 12 months from the date of approval of these Condensed Interim Financial Statements. They therefore continue to adopt the going concern basis in preparing the Condensed Interim Financial Statements.

## VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2.3 Changes in accounting policy and disclosures

The Board has considered the new standards and amendments that are mandatorily effective from 1 January 2020 and determined that these do not have a material impact on the Company and are not expected to affect significantly the current or future periods.

##### 2.4 Subsidiaries and associates

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

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

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

##### 2.5 Segment reporting

In identifying its operating segments, management follows the subsidiaries' sectors of investment which are based on internal management reporting information. The operating segments by investment portfolio include: capital markets, operating assets, private equity and other net assets (including cash and cash equivalents, bonds, and short-term deposits).

Each of the operating segments is managed and monitored individually by the Investment Manager as each requires different resources and approaches. The Investment Manager assesses segment profit or loss using a measure of operating profit or loss from the underlying investment assets of the subsidiaries. Refer to note 4 for further disclosure regarding allocation to segments.

##### 2.6 Accounting policies

###### *(a) Recognition and derecognition*

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

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

###### *(b) Classification of financial assets*

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

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

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

## VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2.6 Accounting policies (continued)

###### *(c) Initial and subsequent measurement of financial assets*

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

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

###### *(d) Impairment of financial assets*

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

If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses. The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. The time value of money is taken into consideration where appropriate.

###### *(e) Classification and measurement of financial liabilities*

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

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

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

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

#### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Information about significant judgements, estimates and assumptions which have the greatest effect on the recognition and measurement of assets, liabilities, income and expenses were the same as those that applied to the Annual Report and Financial Statements for the year ended 30 June 2020.

## VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

#### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

##### 3.1 Critical accounting estimates

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

The Company holds its investments through a number of subsidiaries and associates which were established for this purpose. At the end of each half of the financial year, the fair values of investments in subsidiaries and associates are reviewed and the fair values of all material investments held by these subsidiaries and associates are assessed. As at 31 December 2020, 100% (30 June 2020: 100%) of the financial assets at fair value through profit and loss relate to the Company's investments in subsidiaries and associates that have been fair valued in accordance with the policies set out below.

The underlying investments include listed and unlisted securities, private equity, and operating assets. Where an active market exists (for example, for listed securities), the fair value of the subsidiary or associate reflects the valuation of the underlying holdings. Where no active market exists, valuation techniques are used.

Information about the significant judgements, estimates and assumptions which are used in the valuation of the investments is discussed below.

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

As at 31 December 2020 and 30 June 2020, the Company classified its investments in subsidiaries and associates as Level 3 within the fair value hierarchy, because they are not publicly traded, even when the underlying assets may be readily realisable.

###### *(a.1) Valuation of assets that are traded in an active market*

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

###### *(a.2) Valuation of investments in private equities*

As at 30 June 2020, the fair values of the subsidiaries and associates holding the Company's principal private equity and operating investments were estimated either by the Investment Manager or by a qualified independent professional services firm (the "Independent Valuer"). The valuations were prepared using a number of approaches such as adjusted net asset valuations, discounted cash flows and price-to-book ratio.

The estimated fair values provided by the Investment Manager and Independent Valuer were used by the audit committee as the primary basis for estimating the fair value of operating asset and private equity investments as at 30 June 2020 for recommendation to the Board.

As at 31 December 2020, the Investment Manager reviewed the valuations carried out as at 30 June 2020 and considered whether there were any changes to performance or the circumstances of the underlying investments which would affect the fair values. The Investment Manager then made recommendations to the audit committee of the fair values as at 31 December 2020 and the audit committee, having considered these, then made recommendations for approval by the Board.

## VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

#### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

##### 3.1 Critical accounting estimates (continued)

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

*(a.3) 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, Jones Lang LaSalle. The valuation is based on certain assumptions which are subject to uncertainty and might result in a valuation which differs materially from the actual results of a sale. The estimated fair value provided by the independent specialist appraisers is then used by the Independent Valuer as the primary basis for estimating the fair value of the Company's subsidiaries and associates that hold the asset in accordance with accounting policies set out in note 2.6. At the half-year end, the valuations are presented by the Investment Manager and reviewed and recommended to the Board by the Audit Committee.

In conjunction with making its judgement for the fair value of the Company's principal operating asset, the Independent Valuer at the year end and the Investment Manager at the half-year end also considers information from a variety of other sources including:

- i. current prices in an active market for properties of similar nature, condition or location;
- ii. 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;
- iii. 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;
- iv. 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;
- v. 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
- vi. recent compensation prices made public by the local authority in the province where the property is located.

*(b) Incentive Fee*

The incentive fee is calculated as follows:

- 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 initially set in 2019, 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 is calculated at a rate of 12.5%;
- The maximum amount of incentive fees that can be paid out in any one year is capped at 1.5% of the weighted average month-end NAV during that year;
- Any incentive fees earned in excess of this 1.5% cap will be accrued if they are expected to be paid out in subsequent years.

Any incentive fees payable within 12 months are classified under accrued expenses and other payables in the Condensed Statement of Financial Position. The fair values of any additional incentive fees potentially payable beyond 12 months after the end of the reporting period are classified as deferred incentive fees in the Condensed Statement of Financial Position.

## VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

#### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

##### 3.1 Critical accounting estimates (continued)

###### *(b) Incentive Fee (continued)*

At the end of each financial period, the Board makes a judgement in considering the total amount of any accrued incentive fees which are likely to be settled beyond 12 months after the end of the reporting period. In determining the fair value of the non-current liability at a Condensed Statement of Financial Position date the Board may apply a discount to reflect the time value of money and the probability and phasing of payment. An annualised discount rate of 8% has been applied to the deferred liability.

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

##### 3.2 Critical judgements in applying the Company's accounting policies

###### *(a) Eligibility to qualify as an investment entity*

The Company has determined that it is an investment entity under the definition of IFRS 10 as it meets the following criteria:

- 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 is substantially measured and evaluated on a fair value basis.

The Company has the typical characteristics of an investment entity:

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

As a consequence, the Company does not consolidate its subsidiaries and accounts for them at fair value through profit or loss. 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 CONDENSED INTERIM FINANCIAL STATEMENTS (continued)**

**4. SEGMENT ANALYSIS**

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

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

Segment information can be analysed as follows:

**Condensed Statement of Comprehensive Income**

	<b>Capital Markets*</b> USD'000	<b>Operating Assets</b> USD'000	<b>Private Equity</b> USD'000	<b>Total</b> USD'000
<b>Six months ended 31 December 2020</b>				
<b>(Unaudited)</b>				
Dividend income	19,709	-	27,905	<b>47,614</b>
Net gains/(losses) on financial assets at fair value through profit or loss	243,499	(41)	(22,114)	<b>221,344</b>
General and administration expenses	(6,454)	(90)	(1,622)	<b>(8,166)</b>
Finance cost	-	-	-	-
Incentive fee accrued/(written back)	(23,114)	(321)	(5,809)	<b>(29,244)</b>
<b>Profit/(loss) before tax</b>	<b>233,640</b>	<b>(452)</b>	<b>(1,640)</b>	<b>231,548</b>
<b>Six months ended 31 December 2019</b>				
<b>(Unaudited)</b>				
Dividend income	59,457	-	1,337	<b>60,794</b>
Net (losses)/gains on financial assets at fair value through profit or loss	(108,058)	669	15,661	<b>(91,728)</b>
General and administration expenses	(5,977)	(116)	(1,780)	<b>(7,873)</b>
Finance cost	(280)	(6)	(84)	<b>(370)</b>
Incentive fee write back	1,448	28	432	<b>1,908</b>
<b>(Loss)/profit before tax</b>	<b>(53,410)</b>	<b>575</b>	<b>15,566</b>	<b>(37,269)</b>

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

4. SEGMENT ANALYSIS (continued)

Condensed Statement of Financial Position

	Capital Markets* USD'000	Operating Assets USD'000	Private Equity USD'000	Other Net Assets** USD'000	Total USD'000
<b>As at 31 December 2020</b>					
<b>(Unaudited)</b>					
Financial assets at fair value through profit or loss	863,017	11,995	216,875	11,023	1,102,910
Receivables	-	-	-	908	908
Cash and cash equivalents	-	-	-	1,458	1,458
<b>Total assets</b>	<b>863,017</b>	<b>11,995</b>	<b>216,875</b>	<b>13,389</b>	<b>1,105,276</b>
<b>Total liabilities</b>					
Accrued expenses and other payables	-	-	-	17,024	17,024
Deferred incentive fee	-	-	-	13,730	13,730
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,754</b>	<b>30,754</b>
<b>Net asset value</b>	<b>863,017</b>	<b>11,995</b>	<b>216,875</b>	<b>(17,365)</b>	<b>1,074,522</b>

	Capital Markets* USD'000	Operating Assets USD'000	Private Equity USD'000	Other Net Assets** USD'000	Total USD'000
<b>As at 30 June 2020</b>					
<b>(Audited)</b>					
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
<b>Total assets</b>	<b>601,268</b>	<b>12,036</b>	<b>221,363</b>	<b>43,301</b>	<b>877,968</b>
<b>Total liabilities</b>					
Accrued expenses and other payables	-	-	-	1,863	1,863
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,863</b>	<b>1,863</b>
<b>Net asset value</b>	<b>601,268</b>	<b>12,036</b>	<b>221,363</b>	<b>41,438</b>	<b>876,105</b>

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

\*\* Other net assets of USD11.0 million (30 June 2020: USD35.8 million) include cash and cash equivalents and other net assets of the subsidiaries and associates at fair value.

The above table includes both current and non-current assets, as shown on the Condensed Statement of Financial Position.

5. INTERESTS IN SUBSIDIARIES AND ASSOCIATES

There is no legal restriction to the transfer of funds from the British Virgin Islands ("BVI") or Singapore subsidiaries to the Company. Cash held in directly-owned as well as indirectly-owned Vietnamese subsidiaries and associates is subject to restrictions imposed by co-investors and the Vietnamese government and therefore it cannot be transferred out of Vietnam unless such restrictions are satisfied. As at 31 December 2020, the restricted cash held in these Vietnamese subsidiaries and associates amounted to USD0.9 million (30 June 2020: USD nil). The Company has not entered into a contractual obligation to nor has it committed to provide current financial or other support to an unconsolidated subsidiary during the period.

## VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

#### 5. INTERESTS IN SUBSIDIARIES AND ASSOCIATES (continued)

##### 5.1 Directly-owned subsidiaries

The Company had the following directly-owned subsidiaries as at 31 December and 30 June 2020:

Subsidiary	Country of incorporation	As at	As at	Nature of the business
		31 December 2020	30 June 2020	
		% of Company interest	% of Company interest	
Allwealth Worldwide Limited	British Virgin Islands ("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 listed securities and 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
Sharda Holdings Limited *	BVI	-	100.00	Holding company for private equity
Turnbull Holding Pte. Ltd.	Singapore	100.00	100.00	Holding company for investments
Victory Holding Investment Limited	BVI	100.00	100.00	Holding company for listed securities
Vietnam Enterprise Limited	BVI	100.00	100.00	Holding company for listed and unlisted securities
Vietnam Investment Limited	BVI	100.00	100.00	Holding company for listed securities, unlisted securities and private equity
Vietnam Investment Property Holdings Limited	BVI	100.00	100.00	Holding company for listed and unlisted securities
Vietnam Investment Property Limited	BVI	100.00	100.00	Holding company for listed securities
Vietnam Master Holding 2 Limited	BVI	100.00	100.00	Holding company for listed securities
Vietnam Ventures Limited	BVI	100.00	100.00	Holding company for listed and unlisted securities
VinaSugar Holdings Limited	BVI	100.00	100.00	Holding company for investments
VOF Investment Limited	BVI	100.00	100.00	Holding company for listed securities, unlisted securities, an operating asset and private equity
VOF PE Holding 5 Limited	BVI	100.00	100.00	Holding company for listed securities
Windstar Resources Limited	BVI	100.00	100.00	Holding company for listed securities

\* Sharda Holdings Limited was restructured on 31 December 2020 and is now fully owned by Clipper Ventures Limited.

## VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

#### 5. INTERESTS IN SUBSIDIARIES AND ASSOCIATES (continued)

##### 5.2 Indirect interests in subsidiaries

The Company had the following indirect interests in subsidiaries at 31 December and 30 June 2020:

Indirect subsidiary	Country of incorporation	Nature of the business	Immediate parent	As at	As at
				31 December 2020	30 June 2020
				% 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	81.31
Aldrin Three Pte. Ltd.	Singapore	Holding company for private equity	Halley Three Limited	80.07	80.07
Aldrin Two Pte. Ltd.	Singapore	Holding company for investments	Halley Two Limited	83.46	83.46
Allright Assets Limited	BVI	Holding company for listed securities	Halley Five Limited	75.00	100.00
Chifley Investments Pte. Ltd	Singapore	Holding company for investments	Belfort Worldwide Limited	100.00	100.00
Gorton Investments Pte. Ltd	Singapore	Holding company for investments	Belfort Worldwide Limited	100.00	100.00
Halley Five Limited	BVI	Holding company for investments	Clipper Ventures Limited	75.00	100.00
Halley Four Limited	BVI	Holding company for private equity	Clipper Ventures Limited	79.40	79.40
Halley One Limited	BVI	Holding company for private equity	Clipper Ventures Limited	81.31	81.31
Halley Three Limited	BVI	Holding company for private equity	Clipper Ventures Limited	80.07	80.07
Halley Six Limited ***	BVI	Holding company for investments	Clipper Ventures Limited	100.00	-
Halley Two Limited	BVI	Holding company for investments	Clipper Ventures Limited	83.46	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	100.00	80.56
International Dairy Joint Stock Company *	Vietnam	Milk, yoghurt and dairy products	Howard Holdings Pte. Limited and Turnbull Holding Pte. Ltd.	-	66.49
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	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	Vietnam	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
Sharda Holdings Limited **	BVI	Holding company for private equity	Clipper Ventures Limited	100.00	-

\* International Dairy Products JSC was sold during the period ended 31 December 2020.

\*\* Sharda Holdings Limited was restructured on 31 December 2020 and was previously directly owned by the Company.

\*\*\* The ownership of Halley Six Limited was transferred to Clipper Ventures Limited during the period ended 31 December 2020.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

5. INTERESTS IN SUBSIDIARIES AND ASSOCIATES (continued)

5.3 Indirect interests in associates

The Company had the following indirect interests in associates at 31 December and 30 June 2020:

				As at 31 December 2020	As at 30 June 2020
Indirect associate	Country of incorporation	Nature of the business	Company's subsidiary or associate holding direct interest in the associate	% of Company's indirect interest	% of Company's indirect interest
Hung Vuong Corporation	Vietnam	Operating assets investment	VOF Investment Limited	31.04	31.04
Ngoc Nghia Industry Service Trading Joint Stock Company	Vietnam	Private equity investment	Tempel Four Limited	28.54	28.54

## VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

#### 5. INTERESTS IN SUBSIDIARIES AND ASSOCIATES (continued)

##### 5.4 Financial risks

As at 31 December 2020, the Company owned a number of subsidiaries and associates for the purpose of holding investments in listed and unlisted securities, an operating asset, structured and private equity investments. The Company, via these underlying investments, is subject to financial risks which are further disclosed in note 20. The Investment Manager makes investment decisions after performing extensive due diligence on the underlying investments, their strategies, financial structure and the overall quality of management.

#### 6. CASH AND CASH EQUIVALENTS

	31 December 2020 USD'000 (Unaudited)	30 June 2020 USD'000 (Audited)
Cash at banks	1,458	7,457

As at 31 December 2020, the cash and cash equivalents were denominated in USD and GBP.

As at 31 December 2020, the Company's overall cash position including cash held in directly held subsidiaries was USD12.1 million (30 June 2020: USD30.9 million). Please refer to note 8 for details of the cash held by the Company's subsidiaries and associates.

#### 7. FINANCIAL INSTRUMENTS BY CATEGORY

	Financial assets at amortised cost USD'000	Financial assets at fair value through profit or loss USD'000	Total USD'000
<b>As at 31 December 2020 (Unaudited)</b>			
Financial assets at fair value through profit or loss	-	1,102,910	1,102,910
Cash and cash equivalents	1,458	-	1,458
Receivables	908	-	908
<b>Total</b>	<b>2,366</b>	<b>1,102,910</b>	<b>1,105,276</b>
Financial assets denominated in:			
- GBP	10	-	10
- USD	2,356	1,101,904	1,104,260

##### As at 30 June 2020 (Audited)

Financial assets at fair value through profit or loss	-	870,482	870,482
Cash and cash equivalents	7,457	-	7,457
<b>Total</b>	<b>7,457</b>	<b>870,482</b>	<b>877,939</b>
Financial assets denominated in:			
- GBP	4	-	4
- USD	7,453	870,482	877,935

As at 31 December 2020 and 30 June 2020, the carrying amounts of all financial liabilities approximate their fair values.

The above table includes both current and non-current assets, as shown on the Condensed Statement of Financial Position. 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 2020: nil).

## VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

#### 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit and loss comprise the Company's investments in subsidiaries and associates. The underlying assets and liabilities of the subsidiaries and associates at fair value are included with those of the Company in the following table. The table includes both current and non-current assets, of which a breakdown is shown on the Condensed Statement of Financial Position.

	31 December 2020 USD'000 (Unaudited)	30 June 2020 USD'000 (Audited)
Cash and cash equivalents	10,622	23,490
Ordinary shares – listed	697,633	486,055
Ordinary shares – unlisted *	165,384	113,974
Private equity investments	216,875	221,363
Operating asset	11,995	12,036
Other net assets	401	13,564
	<b>1,102,910</b>	<b>870,482</b>

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

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

	31 December 2020 USD'000 (Unaudited)	30 June 2020 USD'000 (Audited)
Real estate and operating asset	236,072	159,300
Construction	233,123	148,767
Financial services	186,450	101,335
Consumer goods	151,726	193,589
Infrastructure	80,131	59,974
Pharmaceuticals and healthcare	68,142	43,754
Industrials and information technology	56,941	50,913
Energy, minerals and petroleum	27,553	26,518
Agriculture	23,291	23,579
Hospitality	19,667	19,678
Retailers	8,791	6,021

As at 31 December 2020, an underlying holding, Hoa Phat Group, within financial assets at fair value through profit or loss amounted to 18.1% of the NAV of the Company (30 June 2020: 13.0%).

Any changes in the classification of financial assets at fair value through profit or loss in and out of Level 3 are detailed within note 20(c).

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

The fair value of the Company's investments in subsidiaries and associates are estimated using approaches as described in note 3.2. As observable prices are not available for these investments, the Company classifies them as Level 3 fair values.

	For the six months ended	
	31 December 2020 (Unaudited)	31 December 2019 (Unaudited)
Opening balance	870,482	983,043
Purchases	86,520	53,553
Return of capital	(75,436)	(36,589)
Net gains/(losses) for the period	221,344	(91,728)
	<b>1,102,910</b>	<b>908,279</b>

## VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

#### 9. DIVIDEND POLICY

The dividends paid in the reporting period were as follows:

During the six months ended 31 December 2020	Dividend rate per share (cents)	Net dividend payable (USD'000)	Record date	Ex-dividend date	Pay date
Second dividend for the year ended 30 June 2020	5.5	9,406	6 November 2020	5 November 2020	25 November 2020

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

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

#### 10. RECEIVABLES AND PREPAYMENTS

	31 December 2020 USD'000 (Unaudited)	30 June 2020 USD'000 (Audited)
Prepayments	259	29
Amounts receivable from group companies	649	-
	<b>908</b>	<b>29</b>

The Company exited Indochina Food Industries Pte. Ltd ("ICF") through the sale of 100% of VinaSugar Holding Limited in 2012 for a total consideration of USD28.45 million. As at 31 December 2020 and 30 June 2020, 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 existing Shareholders when authorising the issue of any shares.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

11. SHARE CAPITAL (continued)

Issued capital

	31 December 2020		30 June 2020	
	Number of shares	USD'000	Number of shares	USD'000
Issued and fully paid at 1 July	192,311,125	354,595	200,991,258	491,301
Cancellation of treasury shares	(5,567,038)	-	(8,680,133)	-
<b>Issued and fully paid at period/year end</b>	<b>186,744,087</b>	<b>354,595</b>	<b>192,311,125</b>	<b>491,301</b>
Shares held in treasury	(16,182,716)	(23,725)	(16,182,716)	(136,706)
<b>Outstanding shares at period/year end</b>	<b>170,561,371</b>	<b>330,870</b>	<b>176,128,409</b>	<b>354,595</b>

Treasury shares

	31 December 2020	30 June 2020
	Number of shares	Number of shares
Opening balance at 1 July	16,182,716	16,182,716
Shares repurchased during the year	5,567,038	8,680,133
Shares cancelled during the year	(5,567,038)	(8,680,133)
<b>Closing balance at year end</b>	<b>16,182,716</b>	<b>16,182,716</b>

In October 2011, the Board first sought and obtained shareholder approval to implement a share buyback programme. The share buyback programme was approved again at subsequent general meetings of the Company.

During the period ended 31 December 2020, 5.6 million shares (31 December 2019: 1.6 million) were repurchased at a cost of USD23.7 million (31 December 2019: USD6.9 million) and subsequently cancelled. There was USD nil (31 December 2019: USD nil) payable at the period end in relation to these shares.

12. ACCRUED EXPENSES AND OTHER PAYABLES

	31 December 2020	30 June 2020
	USD'000	USD'000
	(Unaudited)	(Audited)
Management fees payable to the Investment Manager (note 19)	1,257	1,001
Incentive fees payable to the Investment Manager (note 15(b), note 19)	15,512	511
Directors' fees payable (note 19)	-	5
Other payables	255	346
	<b>17,024</b>	<b>1,863</b>

All accrued expenses and other payables are short-term in nature. Therefore, their carrying values are considered a reasonable approximation of their fair values. Further details on the payables to other related parties are disclosed in note 19.

13. DIVIDEND INCOME

	Six months ended	
	31 December 2020	31 December 2019
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Dividend income	47,614	60,794

## VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

#### 13. DIVIDEND INCOME (continued)

The above table sets out dividends received by the Company from its subsidiaries. These represent distributions of income received as well as the proceeds of disposals of assets by subsidiaries, and do not reflect the dividends earned by the underlying investee companies. During the period, the subsidiaries received a total amount of USD13.2 million in dividends from their investee companies (31 December 2019: USD10.1million).

#### 14. NET GAINS/(LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Six months ended	
	31 December 2020	31 December 2019
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Financial assets at fair value through profit or loss:		
Unrealised gains/(losses), net	221,344	(91,728)

#### 15(a). GENERAL AND ADMINISTRATION EXPENSES

	Six months ended	
	31 December 2020	31 December 2019
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Management fees (note 19(a))	6,688	6,495
Directors' fees and expenses (note 19(c))	210	223
Custodian, secretarial and other professional fees	431	464
Audit fees	305	284
Others	532	407
	<b>8,166</b>	<b>7,873</b>

#### 15(b). ACCRUED INCENTIVE FEE

For the period ended 31 December 2020, a total incentive fee of USD31.4 million was accrued for potential future payment. If the net asset value (adjusted for share buybacks and dividends) were to remain the same as the level as at 31 December 2020 until 30 June 2021 then the amount which would be paid out immediately on publication of the annual accounts for the financial year to 30 June 2021 would be USD15.5 million and USD15.9 million would be carried forward, potentially to be paid out in future years. The USD15.5 million is included in the accrued expenses and other payables in the Condensed Statement of Financial Position and is considered to be a current liability. The carried forward amount has been discounted to USD13.7 million to reflect the time value of money and recorded as a deferred liability, shown within non-current liabilities in the Condensed Statement of Financial Position. The discounting of the incentive fee is recorded as a finance cost within the Condensed Statement of Comprehensive Income.

#### 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 Condensed Statement of Financial Position.

## VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

#### 17. EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE

(a) *Basic*

Basic earnings 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 period excluding ordinary shares purchased by the Company and held as treasury shares (note 11).

	Six months ended	
	31 December 2020	31 December 2019
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Profit/(loss) for the year (USD'000)	231,548	(37,269)
Weighted average number of ordinary shares in issue	172,572,076	184,273,679
<b>Basic profit/(loss) per share (USD per share)</b>	<b>1.34</b>	<b>(0.20)</b>

(b) *Diluted*

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has no category of potentially dilutive ordinary shares. Therefore, diluted earnings per share is equal to basic earnings per share.

(c) *NAV per share*

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

	31 December 2020	30 June 2020
	(Unaudited)	(Audited)
Net asset value (USD'000)	1,074,522	876,105
Number of outstanding ordinary shares in issue	170,561,371	176,128,409
<b>Net asset value per share (USD per share)</b>	<b>6.30</b>	<b>4.97</b>

#### 18. SEASONALITY

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

#### 19. RELATED PARTIES

(a) *Management fees*

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

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

Total fees earned by the Investment Manager for the period amounted to USD6.7 million (31 December 2019: USD6.5 million), of which USD nil (31 December 2019: USD0.1 million) was in relation to recharge of expenses incurred. In total USD1.3 million (30 June 2020: USD1.0 million) was payable to the Investment Manager at the reporting date.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

19. RELATED PARTIES (continued)

(b) Incentive fees

As described in note 15(b), for the period ended 31 December 2020, a total incentive fee of USD31.4 million was accrued for potential future payment. If the net asset value (adjusted for share buybacks and dividends) were to remain the same as the level as at 31 December 2020 until 30 June 2021 then the amount which would be paid out immediately on publication of the annual accounts for the year to 30 June 2021 would be USD15.5 million and USD15.9 million would be carried forward, potentially to be paid out in future years.

25% of any incentive fee paid to the Investment Manager is used by the Investment Manager to purchase shares in the open market. In practice such purchases are generally made alongside, and at the same price as, share buybacks made by the Company.

(c) Directors' Remuneration

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

	Annual fee USD	Six months ended	
		31 December 2020 USD	31 December 2019 USD
Steven Bates	95,000	47,500	47,500
Thuy Bich Dam	80,000	40,000	40,000
Huw Evans	90,000	45,000	45,000
Julian Healy	90,000	45,000	40,000
Kathryn Matthews	80,000	40,000	40,000
		<b>217,500</b>	<b>212,500</b>

There were no directors' fees outstanding at the period end (30 June 2020: USD5,000). During the period, directors' expenses which had been paid prior to the period end totalling USD7,439 were reimbursed to the Company as costs of cancelled flights were refunded.

(d) Shares held by related parties

	Shares held as at 31 December 2020	Shares held as at 30 June 2020
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	9,464
Andy Ho	248,084	248,084
Don Lam	-	1,005,859

As at 31 December 2020, Stephen Westwood, a retained Consultant of the Company, owned 6,000 shares (30 June 2020: 6,000) in the Company.

As at 31 December 2020, the Investment Manager owned 1,690,575 shares (30 June 2020: 2,545,575 shares) in the Company, which includes shares purchased from the market.

(e) 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.

## VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

#### 20. FINANCIAL RISK MANAGEMENT

##### (a) Financial risk factors

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

The Condensed Interim Financial Statements do not include all financial risk management information and disclosures required in the Annual Audited Financial Statements; they should be read in conjunction with the Company's Audited Financial Statements as at 30 June 2020.

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

##### (b) Capital Management

The Company's capital management objectives are:

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

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

Capital as at the period end is summarised as follows:

	31 December 2020 USD'000 (Unaudited)	30 June 2020 USD'000 (Audited)
Net assets attributable to equity shareholders	1,074,522	876,105

##### (c) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

There are no financial liabilities of the Company which were carried at fair value through profit or loss as at 31 December 2020 and 30 June 2020.

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

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

	Level 3 USD'000	Total USD'000
As at 31 December 2020		
Financial assets at fair value through profit or loss	1,102,910	1,102,910
As at 30 June 2020		
Financial assets at fair value through profit or loss	870,482	870,482

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

20. FINANCIAL RISK MANAGEMENT (continued)

(c) Fair value estimation (continued)

The Company classifies its investments in subsidiaries and associates as Level 3 because the subsidiaries are not publicly traded, even when the underlying assets may be readily realisable. There were no transfers between the levels during the period/year ended 31 December 2020 and 30 June 2020.

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
<b>As at 31 December 2020 (Unaudited)</b>				
Cash and cash equivalents	10,622	-	-	10,622
Ordinary shares – listed	697,633	-	-	697,633
– unlisted *	116,732	48,652	-	165,384
Private equity	-	-	216,875	216,875
Operating asset	-	-	11,995	11,995
Other assets, net of liabilities	-	-	401	401
	<b>824,987</b>	<b>48,652</b>	<b>229,271</b>	<b>1,102,910</b>

	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
<b>As at 30 June 2020 (Audited)</b>				
Cash and cash equivalents	23,490	-	-	23,490
Ordinary shares – listed	486,055	-	-	486,055
– unlisted *	84,429	29,545	-	113,974
Private equity	-	-	221,363	221,363
Operating asset	-	-	12,036	12,036
Other assets, net of liabilities	-	-	13,564	13,564
	<b>593,974</b>	<b>29,545</b>	<b>246,963</b>	<b>870,482</b>

\* 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 Condensed Statement of Financial Position date.

Financial instruments which trade in markets that are not considered to be active but are valued based on market prices and dealer quotations are classified within Level 2. These include investments in OTC equities. As Level 2 investments include positions that are not traded in active markets, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

20. FINANCIAL RISK MANAGEMENT (continued)

(c) Fair value estimation (continued)

Private equities, 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 3.1.

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 31 December 2020, keeping all other assumptions constant. The changes in discount rates by +/- 1% are 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 asset	Discounted cash flows	11,995	15%	N/A	14.50%	Change in discount rate				
						-1%      0%      1%				
						Change in	-1%	12,619	12,123	11,664
						cap rate	0%	12,480	11,995	11,547
	1%	12,352	11,877	11,439						
Private equity	Discounted cash flows	115,703 *	14%-16%	N/A	2%-5%	Change in discount rate				
						-1%      0%      1%				
						Change in	-1%	118,707	110,251	103,079
						terminal	0%	125,494	115,703	107,532
growth rate	1%	133,849	122,317	112,842						

\* The difference between the balance of USD216.9 million reflected as Level 3 private equity earlier in note 20 to the above balance of private equity of USD115.7 million is due to the fact that different valuation methodologies are used in the Level 3 valuations which reflect other unobservable inputs such as price to book methodologies used in desktop valuations.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

20. FINANCIAL RISK MANAGEMENT (continued)

(c) Fair value estimation (continued)

Set out below is the sensitivity analysis 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% are 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 asset	Discounted cash flows	12,036	15%	14.50%	N/A	Change in discount rate				
						-1%      0%      1%				
						Change in	-1%	12,654	12,164	11,711
						cap rate	0%	12,514	12,036	11,594
Private equity	Discounted cash flows	112,299 *	14%-20%	N/A	2%-5%	Change in discount rate				
						-1%      0%      1%				
						Change in	-1%	116,397	107,146	99,317
						terminal	0%	122,883	112,299	103,489
growth rate	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 20 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 valuation.

**VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)**

**20. FINANCIAL RISK MANAGEMENT (continued)**

*(c) Fair value estimation (continued)*

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

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

**21. SUBSEQUENT EVENTS**

This Interim Report and Condensed Interim Financial Statements were approved for issuance by the Board on 26 March 2021.

A dividend of 6.0 cents per share in respect of the half year ended 31 December 2020 was declared on 26 March 2021. The dividend is payable on or around 4 May 2021 to shareholders on record at 9 April 2021.

## VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

### MANAGEMENT AND ADMINISTRATION

#### Directors

Steven Bates  
Thuy Bich Dam  
Huw Evans  
Julian Healy  
Kathryn Matthews

#### Registered Office

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#### Investment Manager

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Channel Islands

#### Administrator and Company Secretary

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PO Box 656  
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Channel Islands

#### Corporate Broker

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**VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED**

**MANAGEMENT AND ADMINISTRATION (continued)**

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## VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

### GLOSSARY AND ALTERNATIVE PERFORMANCE MEASURES

<b><u>Term</u></b>	<b><u>Definition</u></b>
<b>BVI</b>	The British Virgin Islands
<b>Company or Fund or VOF</b>	VinaCapital Vietnam Opportunity Fund Limited
<b>CPI</b>	Consumer price index
<b>Discount</b>	Calculated as NAV per share less share price divided by NAV per share
<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortisation. A measure of the gross profit of a company
<b>EPS</b>	Earnings per share. A measure of a company's ability to produce profit for common shareholders. This ratio divides the net earnings available to shareholders by the average outstanding shares
<b>Equitisation</b>	The process of selling a company from public ownership to private investors. Known as privatisation in other countries
<b>ESG</b>	Environmental, Social and Governance
<b>EV</b>	Enterprise value, which is a measure of a company's total value. It is calculated by adding the value of company's total debts to its market capitalisation, minus cash and cash equivalents
<b>FDI</b>	Foreign direct investments
<b>FII</b>	Foreign indirect investments
<b>FY</b>	Financial year. The Company's financial year runs from 1 July to 30 June
<b>GBP</b>	British Pound Sterling
<b>GDP</b>	Gross Domestic Product. GDP is a monetary measure of the market value of all of the final goods and services produced in a specific time period in a country or wider region
<b>GSO</b>	The General Statistics Office of Vietnam, a Vietnamese government agency
<b>HOSE</b>	The Ho Chi Minh Stock Exchange
<b>HNX</b>	The Hanoi Stock Exchange
<b>IPO</b>	Initial public offering – the means by which most listed companies achieve their stock market listing
<b>LSE</b>	The London Stock Exchange
<b>NAV Total Return</b>	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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

GLOSSARY AND ALTERNATIVE PERFORMANCE MEASURES (continued)

<b>Net Asset Value Per Share (NAV)</b>	The total value of the Company's assets less its liabilities (the net assets) divided by the number of shares in issue
<b>Ongoing Charges Ratio</b>	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
<b>P/B Ratio</b>	The ratio of a company's share price to the "book" value (being the current valuation as on the company's balance sheet) of its assets
<b>P/E Ratio</b>	Price to earnings ratio. The ratio compares the current share price with earnings, expressed as a ratio. It may be measured as trailing twelve months (TTM) or on a forward basis, which measures what the company expects to earn in the future
<b>SBV</b>	The State Bank of Vietnam
<b>Share Price Total Return</b>	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
<b>SOE</b>	State Owned Enterprise
<b>TTM P/E Ratio</b>	Trailing twelve month price to earnings ratio. The ratio compares the current share price with earnings over the past twelve months, expressed as a ratio
<b>UPCoM</b>	The Unlisted Public Company Market, a junior bourse to the Hanoi Stock Exchange
<b>USD</b>	United States Dollar
<b>VGB</b>	Vietnamese Government Bond
<b>VN Index</b>	The Ho Chi Minh Stock Exchange Index, a capitalisation-weighted index of all companies listed on the Ho Chi Minh Stock Exchange
<b>VND</b>	Vietnamese Dong