

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

**Interim Report and Condensed Interim Financial Statements
for the period 1 July 2021 to 31 December 2021**

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

**INTERIM REPORT AND CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

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VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CHAIRMAN'S STATEMENT

Dear Shareholder,

This is my first report to shareholders as Chairman and I would like to start by recording my thanks – and those of my fellow directors – to Steve Bates for his leadership, commitment and diligence over the last nine years.

I took over as Chairman at the conclusion of the annual general meeting on 2 December 2021 and at the same time Julian Healy duly took over my previous role as chair of the Board's Audit Committee.

Investment Performance

Steve Bates set out in his last Chairman's statement that the very high level of return experienced in the year to 30 June 2021 should be accompanied by a health warning. This was in the context of Vietnam experiencing its fourth, and most serious, wave of COVID-19 infections which resulted in widespread lockdowns from July to October. The restrictions were mostly lifted in October while the country's vaccination programme was rolled out very quickly as supplies became more widely available. In common with many other countries, the Vietnamese government has now made the pragmatic decision to move from trying to achieve "zero-COVID" through lockdowns to accepting that outbreaks will occur and focusing on the successful delivery of vaccines and other proportionate measures as the country learns to "live with COVID". While there was some volatility in the second half of 2021, our Investment Manager was able to deliver respectable results and it is pleasing to report that over the six months to 31 December 2021, the Company's NAV total return per share was 6.9%. In 2022 to date, the Vietnam market has shown some resilience against the background of an increasingly volatile investment market in more developed countries and, most recently, the turmoil following Russia's invasion of Ukraine.

The investment portfolio of VinaCapital Vietnam Opportunity Fund Limited (the "Company" or "VOF") is a hybrid of listed and private investments and, as set out in the Investment Manager's Interim Report, many of the listed holdings were originally acquired as private investments. This approach, we believe, gives us a competitive advantage in the types of company and scale of investment that we are able to access on behalf of shareholders. The approach is long term and patient and often involves a high degree of interaction with investee companies, where our managers can bring their considerable experience to bear. This is one aspect of the "G" element of environmental, social and governance ("ESG") considerations. The Board sets the Company's strategy and is fully aware of the growing pressure from shareholders to continually improve ESG performance and reporting. The Investment Manager addressed this topic in the last annual report and its ESG policy can be accessed here: <https://vinacapital.com/responsible-investment/>.

Dividend

On 25 October 2021, the Board declared a dividend of 8.0 US cents per share, which was paid to shareholders in early December 2021. This represented an increase of 33% over the dividend of 6.0 US cents per share which had been paid in May.

Although the Board remains committed to its policy of distributing dividends representing approximately 1% of net asset value each half year, given the current global uncertainties, the Board has decided not to increase the dividend at this stage but will review the dividend again once the results for the full year are known. Consequently, on 24 March 2022 the Board declared a maintained dividend of 8.0 cents per share which will be payable on or around 10 May 2022.

Introduction of gearing

VOF has very recently entered into a USD40 million one year secured revolving credit facility with Standard Chartered Bank. Agreeing this facility on attractive commercial terms represents an important milestone in the development of VOF as a company. It is a modest facility representing less than three percent of NAV but having it available provides an additional source of short term liquidity for the Investment Manager, particularly as it manages the Company's cash flows on both implementing and realising investments in private equity and other illiquid instruments.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CHAIRMAN'S STATEMENT (continued)

Discount

The Board continues to focus on the balance of demand for, and supply of, the Company's shares and we remain active in both promoting the Company and also in buying back shares when we believe that this is in the best interests of shareholders.

Our Investment Manager continues to promote the Company via a number of channels, ably assisted by our brokers, Numis Securities Limited, and UK distribution partner, Frostrow Capital LLP. A detailed fact sheet is issued each month and a variety of other information is made available to existing and potential investors. During October 2021 VinaCapital held its usual annual investor conference. As last year, due to restrictions to prevent the spread of COVID-19, the conference was hosted in Vietnam but held online and the content can be viewed at: <https://vinacapital.com/news/multimedialibrary/>

During the six months under review, approximately 2.8 million shares were bought back, being 1.5% of shares in issue at the start of the period. The discounts at which these shares were bought resulted in an increase in the NAV of some 4.0 cents per share, to the benefit of continuing shareholders and, the Directors believe, helping to control the volatility of the discount.

Most recently, following the Russian invasion of Ukraine, the discount has widened. We have seen this before as international investors seek to de-risk their portfolios in response to international events and emerging markets often suffer most. The Investment Manager believes that the events in Ukraine will have limited direct impact on the Vietnamese economy. However, the Company's share price will not be immune from the flows of international capital and the Board remains alert to using share buybacks in periods of weak demand to the benefit of shareholders.

Investment Management Fees

My predecessor noted that the very high investment returns in the last financial year resulted in the Company accruing a substantial incentive fee. The amount actually paid to the Investment Manager was restricted by the cap of 1.5% of the average month-end assets during the year and the balance of the incentive fee was carried forward as a deferred liability. The returns in the first half of the current financial year resulted in a further incentive fee accrual of USD 12.9 million. I would like to stress that no incentive fees are payable at the half year stage and any amount which is due for this year will only crystallise and be paid after the financial year-end and will depend, among other factors, on the net asset value at the end of June 2022. In any event, the amount to be paid out in respect of the whole financial year will again be governed by the 1.5% of net asset cap. A description of the accruals for incentive fees is set out in Note 15 of the attached accounts.

Annual General Meeting

All of the resolutions at the AGM held on 2 December 2021 were passed by a large majority of proxy votes and I would like to record the Board's thanks for shareholders' continuing support.

Outlook

The current state of the world gives some cause for concern, with the Russian invasion of Ukraine, a number of other geopolitical tensions and a continuing battle to control the effects of the COVID-19 pandemic. The developed markets are also witnessing a rise in inflation with worries that price rises resulting from supply chain difficulties caused by the pandemic, taken with rising energy and commodity costs, now have the potential to drive wage demands thus stimulating an inflationary spiral. Policy makers particularly in developed markets are faced with the challenge of setting interest rates at levels which prevent inflation becoming endemic while not stifling economic growth.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CHAIRMAN'S STATEMENT (continued)

Outlook (continued)

Although Vietnam is not immune from the broader global economic and political uncertainties, after a year in which Vietnam's economic performance has surpassed that of most other economies, the long term fundamentals of the market remain solid.

Huw Evans
Chairman
VinaCapital Vietnam Opportunity Fund Limited
24 March 2022

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

INVESTMENT MANAGER'S INTERIM REPORT

Performance Highlights

As at/period ended 31 December	2021
NAV per share (\$)	8.54
NAV per share total return* over the half-year (%)	6.9
Share price (\$)	6.98
Share price total return* over the half-year (%)	6.3
Discount to NAV per share** (%)	(18.3)
Dividend per share paid during period (US cents)	8.0

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

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

- As of 31 December 2021, the NAV was USD1.42 billion or USD8.54 per share, with a total market capitalisation of USD1.16 billion and a share price of USD6.98 per share, representing a discount of 18.3%.
- In the half-year to 31 December 2021, the Company's NAV per share increased in US Dollar terms by 5.8% to USD8.54, while the Company's share price increased by 5.1% to USD6.98, from 30 June 2021.
- Accounting for dividends paid to shareholders in the half-year to 31 December 2021, the NAV total return* ("STR") was 6.9%, while the share price total return was 6.3%.
- Through the share buyback programme, during the period of review the Company acquired 2.8 million shares at a cost of USD17.7 million.

A Challenging Road to Recovery in 2021

Volatility dictated economic, stock market and asset class performance in 2021, and was evidenced by a wide dispersion in outcomes. Policy decisions made by governments across the world in their efforts to chart a path to economic recovery encountered strong and persistent headwinds from the current health pandemic, and were made more challenging by rising inflation levels and the pressure on central banks to raise interest rates.

Against this backdrop, it was encouraging to see Vietnam end the year on a positive note, after facing both challenges and opportunities in 2021. The economy made a promising start to 2021 with expectations of a strong economic recovery to solidify the achievements of 2020, when Vietnam was one of the few countries in the region able to post positive GDP growth and remain relatively unaffected domestically due to the early efforts to close its borders as the pandemic swept across the globe. However, as we entered the second quarter of 2021, the country had to deal with a rampant outbreak of the Delta-variant, resulting in intermittent lockdowns and strict social distancing measures imposed from April through to October, while the health authorities attempted to roll out an aggressive programme of vaccinations across the country.

Today, Vietnam has effectively moved on from a "zero-COVID" strategy, to a more pragmatic "living with COVID" strategy, and this appears to be widely embraced by its citizens. As of December, over 72%¹ of the eligible population (18 years and older), were fully vaccinated, and as of early March 2022, Vietnam has administered more than 198 million doses, raising the vaccination coverage (fully vaccinated) to 98.7% of adults aged above 18, 94% of children of 12-17 years and 38.4% of adults given booster shots². In early February, the government approved the purchase of Pfizer vaccinations that will be administered to 5 to 11 year olds, which will support the program to vaccinate adults and children across the country.

¹ <https://e.vnexpress.net/covid-19/vaccine>

² <https://vietnamnet.vn/en/society/vietnam-after-one-year-of-vaccination-facts-and-figures-821463.html>

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

INVESTMENT MANAGER'S INTERIM REPORT (continued)

A Challenging Road to Recovery in 2021 (continued)

In mid-March, the Vietnamese government reopened its borders to foreign tourists and waived the visa requirements for nationals of 13 countries, including the United Kingdom. This is a highly encouraging sign and paves the way to a revival of Vietnam's tourism sector. Foreign tourism accounted for about 8% of Vietnam's GDP pre-COVID but, for obvious reasons, made essentially no contribution to the country's economy in the past year. Our Chief Economist expects that a partial resumption of tourism in the second half of 2022 would make a surprisingly large contribution to Vietnam's GDP growth and could boost the rate of growth by a further 3-4% points. While prior to the pandemic foreign tourism contributed around 8% to Vietnam's GDP, domestic tourism contributed a further 4% to GDP, and the total contribution to GDP was even larger than 12% because of the indirect contribution from other services and sectors that tourism attracts.

Vietnam's GDP growth for 2021 was 2.6%, short of the ambitious targets set at the start of the year but nevertheless a positive outcome given the challenges faced during the year. The third quarter was the most difficult period for the economy, in which GDP contracted by 6.9% quarter-on-quarter ("q-o-q"), the first quarterly decline since 2000. The government's tightening measures to restrict movement and impose social distancing which started in July 2021 did not ease until early October 2021 and partly explain the contraction. Nevertheless, by the fourth quarter green shoots of economic recovery began to emerge as the government sensibly removed many of these restrictions, and in the fourth quarter GDP grew by 5.2% q-o-q.

The country's manufacturing sector remained surprisingly resilient in 2021, despite the difficulties that it faced during the year; Vietnam's manufacturing output growth increased from 5.8% year on year ("y-o-y") in 2020 to 6.4% in 2021. In the early part of the fourth quarter many businesses faced unexpected challenges including: (a) major supply chain disruptions from accessing materials to moving finished goods to their final destinations; (b) labor shortages; and (c) inconsistent application of local regulations. The recovery of manufacturing activity accelerated in October and by the year end many of the issues were resolved as most people returned to their jobs and businesses were able to resume hiring.

Vietnam managed to record a trade surplus of over USD4.1 billion for 2021, reflecting an increase of 19.0% and 26.5% in exports and imports, respectively. Exports to the US surged by 24% in 2021, swelling Vietnam's trade surplus with the US from USD63 billion in 2020 to over USD80 billion in 2021. This surge was partly driven by the continued re-location of manufacturing capacity from China to Vietnam, evidenced by the fact that the USD17 billion increase in Vietnam's trade surplus with the US for 2021 was more than offset by an increase in Vietnam's trade deficit with China, from USD35 billion in 2020 to USD54 billion in 2021.

A longer-term leading indicator of the bright prospects for Vietnam's manufacturing sector is the 15% increase in planned foreign direct investments ("FDI") during 2021 (both new projects and expansion of existing projects), and nearly all of those planned investments are either in manufacturing or electricity power generation. That said, actual disbursed FDI fell by 1% to USD20 billion, primarily due to the inability of executives of multinational companies to travel to Vietnam to finalise planned investments. As the country rapidly reopens to tourism and visitors, we expect the pace of FDI activity to accelerate.

Interest rates remained stable during 2021 with deposit rates ranging between 4.5% and 6.5% for 6 to 12 month term deposits, in local currency. Loans can be provided by commercial banks at rates between 4% and 6% for working capital loans and 8% to 12% for long term collateralised loans.

Unlike in many developed markets, inflation in Vietnam remained well under control at 1.8% for 2021 and with interest rates well above this level, the Vietnam Dong ("VND") experienced a slight appreciation. Our Chief Economist has long said that the VND is poised to slowly appreciate against the USD thanks to more than 10 continuous years of a trade surplus and a large USD reserve, estimated to be in excess of USD100 billion. However, the recent strength of the US Dollar, as a safe haven currency, may affect this in the short term.

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

A Challenging Road to Recovery in 2021 (continued)

In summary, 2021 was a very good year for investors in Vietnam, and the economy as a whole. While Vietnam experienced challenges in the third quarter, the economy revived in the fourth quarter to grow by 5.2% which helped end the year with 2.6% GDP growth. Moreover, Vietnam managed to turn a possible trade deficit situation into a USD4 billion trade surplus for 2021, reflecting an increase of 19.0% and 26.5% in exports and imports, respectively.

Looking ahead, the government has set a GDP growth target of 6.0% to 6.5% for 2022 with growth coming from the manufacturing and FDI industries, coupled with robust growth in private consumption, and GDP could receive a boost from the resumption of international tourism.

Vietnam was the best performing stock market in the region, for the second year running

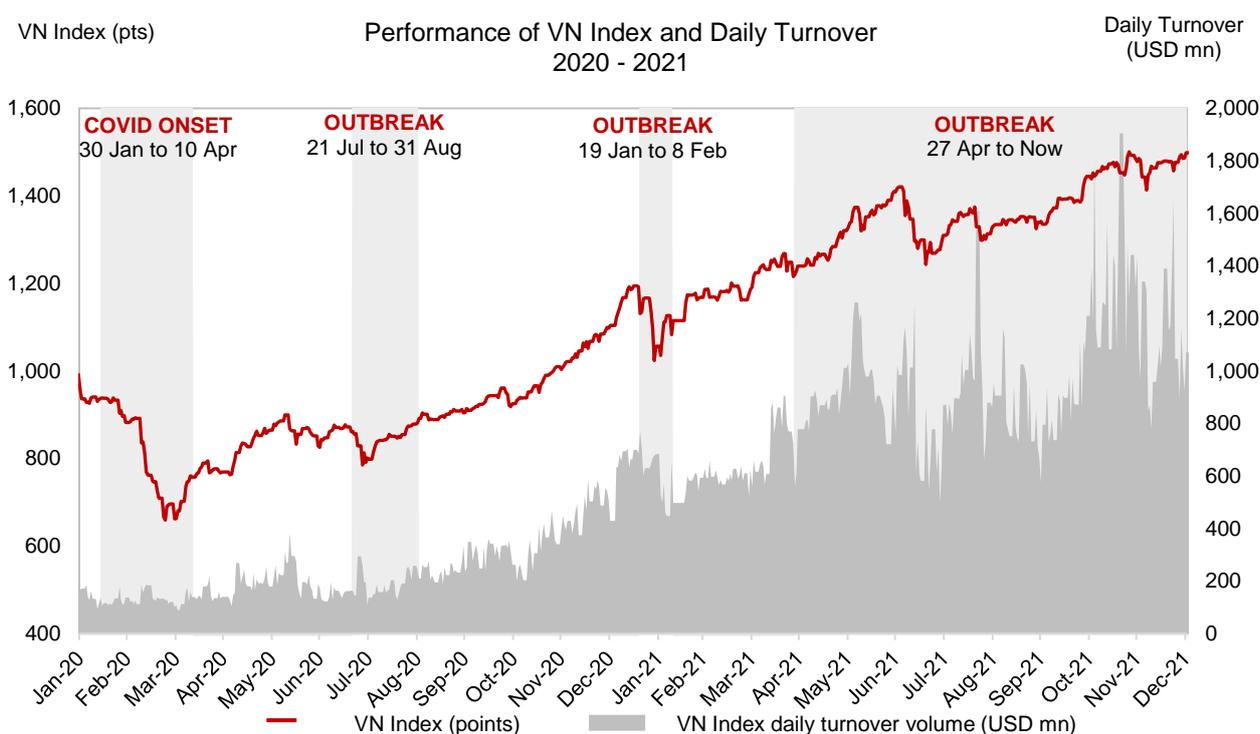


Chart: VN Index performance and volumes, January 2020 to December 2021, with periods of domestic COVID outbreaks highlighted.

Source: Bloomberg, VinaCapital Research.

Turning to Vietnam’s stock market, the calendar year started with much expectation and enthusiasm and had many market observers expecting the market to increase by more than 25% after an impressive 2020 performance. In fact, the Vietnam Index (“VN Index”), increased by 39.0% in USD on a total returns basis (or 35.7% in VND simple terms), driven by corporate earnings growth, to end the year at 1,498 points. For the second year running, Vietnam was the best performing market in the region. Looking more broadly at frontier markets, the MSCI Frontier Markets Index (“MXFM”) also surged 19.9% y-o-y; however, the MSCI Emerging Markets Index (“MXEF”) declined by 2.5% y-o-y.

Vietnam’s market fundamentals remain reasonable, with the market trading at an average price-to-earnings (“P/E”) ratio of 17x for 2021, and looking ahead to 2022, the consensus estimate for P/E is between 14x to 15x, which is reasonable on a historical basis. Furthermore, analysts are forecasting 26% average earnings per share (“EPS”) growth for 2022, which is higher than most regional peers. At a price earnings to growth (“PEG”) ratio of 0.5x, Vietnam continues to hold valuation appeal, delivering growth at a reasonable price.

Liquidity remained strong throughout 2021, with the Ho Chi Minh Stock Exchange (“HOSE”) reporting a five-fold increase in liquidity from approximately USD200 million at the start of 2020, to over USD1.7 billion average daily trading value (“ADTV”) for 2021.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

INVESTMENT MANAGER'S INTERIM REPORT (continued)

Vietnam was the best performing stock market in the region, for the second year running (continued)

Local investors remain the dominant force in the market, accounting for 94% of market turnover (89% local retail investors, and 5% local institutional), while foreign investors accounted for the remaining 6% of market turnover by December 2021. Domestic investors opened 1.53 million new accounts during 2021, four times higher than 2020 (at the end of 2021, Vietnam boasted 4 million stock trading accounts). In the meantime, the market saw almost USD3 billion in net outflows from foreign investors, a trend that continued from 2020. The fact that the market was able to rise despite foreign investor outflows demonstrates the resilience of the Vietnamese market.

Liquidity has been driven by an increase in margin lending and margin levels have crept up over the past two years as domestic brokers have sought external funding to shore up their balance sheets to continue to issue loans. By the fourth quarter of 2021 brokers reported an average 150% y-o-y increase in margin loans.

Currently, margin loans make up approximately 3.0% of total market cap (vs 1.9% of market cap in early 2020), or 8.0% of free float (vs 5.0% of free float in early 2020). The implication is that during periods of market sell-off, as we experienced in December 2021 and early January 2022, local retail investors have been forced to unwind margin positions, the effect being felt most across mid-to-large cap shares that have been used as collateral and therefore have come under selling pressure after a strong period of performance.

Impact from Geopolitical Conflicts

In March 2022, the conflict in Ukraine has created shockwaves in international financial markets, and has a major impact on commodity prices, but the direct impact of these geopolitical developments on Vietnam's economy should be modest, which helps explain why the VN Index has not experienced any major correction despite these unprecedented events.

The most immediate risk is that surging commodity and oil prices could push up Vietnam's headline rate of inflation.

The direct economic links between Vietnam and Russia are now minimal, despite the strong legacy of relations between the two countries. Less than 1% of Vietnam's exports, equivalent to USD2.3 billion, are sold to Russia, and less than 1% of Vietnam's imports come from Russia, and less than 4% of Vietnam's tourist arrivals pre-COVID were from Russia. Within the export basket, the major exports to Russia are in the form of mobile phones (USD1.1 billion), electronics (USD0.4 billion), and garments (USD0.3 billion), while the major imports from Russia include coal (USD0.5 billion), steel (USD0.5 billion) and fertilizer (USD0.1 billion) according to Vietnam's Customs Department.

While Vietnam produces a considerable amount of oil, natural gas and coal, the country is not quite energy independent, and our research team estimate that Vietnam has an energy deficit equivalent to 1% of GDP. This energy deficit, which may widen as a result of surging oil prices, could lead to consumers diverting income from spending on consumer goods to spending on petrol and other energy needs. This may weigh on economic growth and prompt a review of GDP growth forecasts. Similarly, earnings growth for some sectors that are more directly impacted by higher commodity prices, will warrant review and potentially, revision.

The portfolio has no exposure to Russian investments, nor are companies held in the portfolio reliant on economic links or trade with Russia.

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

Real Estate and Financials sectors have contributed predominantly to market performance

12 months to 31 Dec 2021	Weight (%)	YoY return (%)	Weighted contribution (%)
VNINDEX (VND, simple return)		35.73	
Financials	33.6	42.93	14.15
<i>Banks</i>	29.3	39.90	12.10
Real Estate	23.2	34.18	8.41
Consumer Staples	11.1	10.55	1.20
Materials	9.7	52.95	4.70
Industrials	9.6	59.12	4.31
Utilities	5.2	19.98	1.25
Consumer Discretionary	3.2	60.65	1.56
Energy	1.7	13.33	0.30
Information Technology	1.8	88.75	1.24
Health Care	0.7	21.30	0.18
Communication Services	0.1	62.21	0.03

Table: VN Index sector weight, performance, and weighted contribution to performance (%) for 2021 is based on GICS sector classification.

Source: Bloomberg, VinaCapital Research

The VN Index sector heavyweight, Financials, which accounts for 33.6% of the index weight, delivered a 42.9% return for the full year, and was therefore the largest contributor to overall market performance. Within Financials, the Commercial Banks, which account for a 29.3% weight, delivered a 39.9% return. The next largest sector weight, Real Estate which makes up 23.2% of the index, delivered a 34.2% return for the year, and an 8.4% contribution to the overall market performance. Construction Materials, which make up 9.7% of index weight delivered a 53.0% return for the year and was the third largest contributor to performance.

The performance of these sectors naturally benefits from the economic recovery that is already underway in Vietnam. The country's long-term growth drivers have remained intact despite COVID, so we also continue to focus on companies in sectors that are beneficiaries of FDI inflows, infrastructure development, and consumer spending themes.

Prospects for 2022

Looking ahead to 2022, earnings are broadly expected to grow in excess of 20%, although we believe that P/E multiples may be due for a contraction as retail daily trading returns to steadier levels. Sectors that will most likely contribute to above average earnings growth include:

- **Financial Services (Commercial banks):** Banks make up the largest portion of the VN Index with a weighting of over 29% across 17 listed banks with a total market capitalisation of over USD70 billion. The banking sector is forecasted to produce over 30% earnings growth in 2022. However, given that the Banking sector has a market beta of 1.2 according to Bloomberg, bank shares appear vulnerable to any overall market correction. Therefore, while the fundamentals are sound and the earnings growth outlook is credible for this sector, volatile markets could erode short-term returns.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

INVESTMENT MANAGER'S INTERIM REPORT (continued)

Real Estate and Financials sectors have contributed predominantly to market performance (continued)

- **Real Estate:** The 49 listed real estate companies with a total market capitalisation of almost USD60 billion make up about 23% of the VN Index. High liquidity, a continuing low interest rate environment, and faster project approvals are all acting as catalysts helping to drive up the sector, which has been relatively unaffected by the pandemic. Apart from Vinhomes (HOSE: VHM) which is the largest real estate company in Vietnam and still growing at high-teens levels, Novaland (HOSE: NVL), Khang Dien House (HOSE: KDH), and Nam Long Group (HOSE: NLG) are all forecasted by the market to grow profit in excess of 30% in 2022. Given that we are still emerging from the pandemic, the sector's market beta of 0.89 (Source: Bloomberg) means that it is relatively insulated from any near term volatility.
- **Consumer Sector:** Over the last 15 years we have seen the food and beverage sector develop from one which was driven by branded products, then by strong distribution channels, to today, driven by technology. When we first started investing in Vietnam in 2004, it was very clear that brands like Vinamilk and Vissan wielded the most influence in the market, and their owners absorbed most of the economics in the value chain. Over time, the dynamics changed and the power shifted to distributors and retailers that offered modern retail and access to the end consumers, such as Mobileworld, Big-C, Co-op Mart, and Mega Market. These distributors or modern retail chains have expanded rapidly over the past 5 to 10 years and shifted a good part of the economics to consumers, while keeping some for themselves. Consumers have enjoyed a significant increase in convenience and savings while distributors have used their scale to negotiate better margins.

As the pandemic took its toll, consumers in Vietnam were forced to either stay at home or enjoy less mobility. They quickly adapted to various technologies, embracing online shopping and delivery, a phenomenon that has been a mainstay in more mature markets. Consumers young to old began to purchase food, beverages as well as other consumer goods online, using various delivery services and paying merchants with their eWallets, digital bank or credit/debit cards.

Over the years we have clearly seen how the value proposition has moved from manufacturers that owned the brands, to distributors and the consumer. This has certainly shaped our views and investment strategy. We expect that the winners in the years to come will ultimately be the consumer and the distributors, and therefore financial institutions will have to invest in more technology and perhaps scale back their physical footprint to remain competitive.

The Consumer sector experienced a period of correction in 2020 to 2021, due to lockdowns. However, the same companies which experienced a slow down over the past two years are expected to recover as Vietnam emerges from the pandemic. Even though Consumer Discretionary makes up a modest 3% of the VN Index across 41 listed companies (which together make up a little under USD10 billion in market capitalisation), this sector has much to offer in terms of earnings growth in 2022-23. While the historical market beta for this sector has been low at 0.83 (Source Bloomberg), any further pandemic-related lockdowns could impact earnings in the short-term.

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

Portfolio review

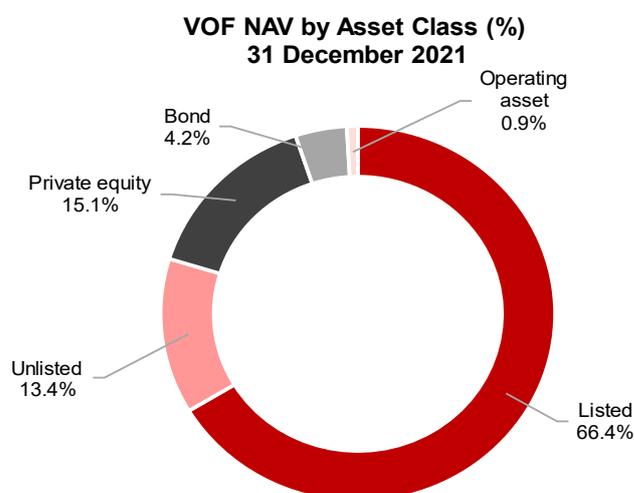


Chart: VOF portfolio by asset class, excluding Cash and Others, as of 31 December 2021. Note that Bonds are classified as part of the private equity portfolio in the Condensed Interim Financial Statements.
Source: VinaCapital

The increase in VOF’s NAV owes much to the performance of quality companies in the portfolio which continue to benefit from rising markets. Today, approximately 80% of the VOF’s public equity portfolio originated from either private equity investments or through privately negotiated transactions not readily available to general market participants. Over time, private investments may go through an IPO process and public listing such as An Cuong Wood-working. We may also selectively participate in a privatisation of a State-Owned Enterprise, but these opportunities remain rare.

The quality of VOF’s public equity portfolio, which if measured by the average EPS growth, has been in excess of 40% per annum over the last three years, has allowed us to deliver strong overall performance. Based on our internal research team’s latest earnings forecast, we expect the VOF public equity portfolio to outperform significantly consensus earnings growth for the VN Index in 2022.

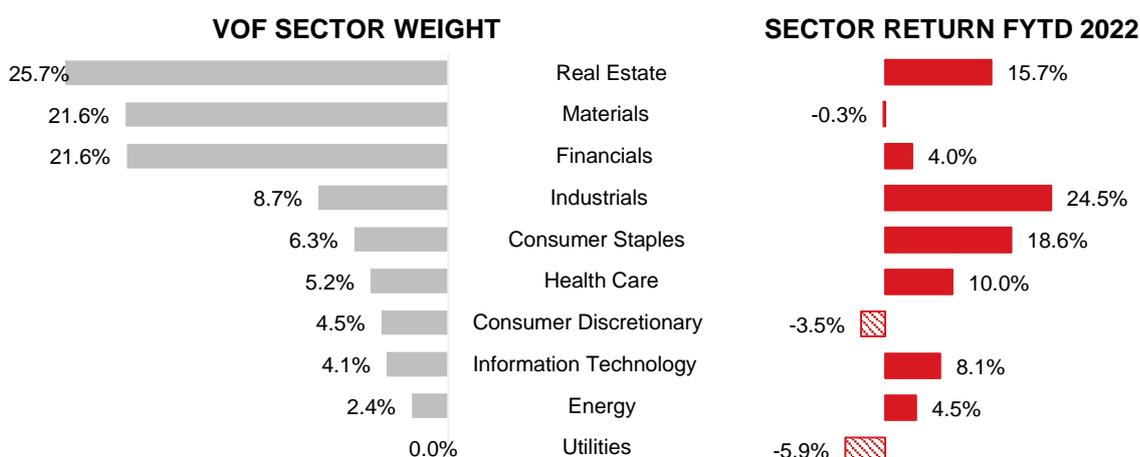


Chart: VOF portfolio sector weight, and sector return over period of review ending 31 December 2021.
Source: Bloomberg, VinaCapital Research

In terms of sector allocation, Real Estate and Financials Services remain the largest sector allocation of the VOF portfolio and as at 31 December 2021 accounted for 25.7% and 21.6% of NAV, respectively.

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

Portfolio review (continued)

Real Estate performed well over the six month period under review, delivering a 15.7% return. This was driven by a strong performance from Khang Dien House (HOSE: KDH, 12.0% NAV), our second largest holding in the portfolio, which increased 37.5% over the six month period to 31 December 2021. Encouragingly, as economic activity resumed towards the fourth quarter of 2021, KDH was able to recommence their sales of home and apartment projects.

The Financial sector also performed well during the first half of the calendar year, however the third quarter saw a correction due to the nationwide lockdown, only to reverse in the last quarter of the year with the reopening. Concerns over declining commerciality and continued pressure to sacrifice profitability to support the economy directly affected the large-cap State-Owned Commercial Banks. Disappointing profit results in the third quarter due to weakness across all revenue lines dampened sentiment on the sector for the remainder of the year. The extension of the pandemic-related interest waiver programs and debt restructuring will help ease some of the provision costs to commercial banks in the short-term, though concerns that they may serve as an overhang to profitability will remain. Overall, the sector still managed to deliver a 4% return to the portfolio over the period under review, with Eximbank (HOSE: EIB, 6.4% NAV) our third largest holding in the portfolio, increasing by 12.6%.

The Construction Materials sector is the third largest sector weight in the portfolio at 21.6%, with Hoa Phat Group (HOSE: HPG, 14.3% of NAV) representing the largest holding in the portfolio. HPG has delivered notable performance in recent years, but concerns over peak profit growth beyond 2021 due to capacity constraints led to the correction in its share price under the period of review.

Top Holdings	VN Index weight	VOF's weight	Return¹
Public Equities			
1 Hoa Phat Group (HPG)	3.7%	14.3%	-7.4%
2 Khang Dien House (KDH)	0.6%	12.0%	37.5%
3 Eximbank (EIB)	0.7%	6.4%	12.6%
4 Asia Commercial Bank (ACB)	1.7%	6.0%	-2.2%
5 Airports Corporation of Vietnam (ACV) ²	0.0%	5.9%	17.0%
6 Vinhomes (VHM)	6.3%	5.6%	-5.3%
7 Orient Commercial Bank (OCB)	0.7%	5.2%	12.5%
8 FPT Corporation (FPT)	1.5%	4.1%	8.1%
9 Quang Ngai Sugar (QNS) ²	0.0%	3.5%	21.0%
10 An Cuong Wood-working (ACG) ²	0.0%	3.5%	21.4%

Table: VOF top ten public equity portfolio holdings and weight, as of 31 December 2021.

1. Return is based on portfolio holdings total return over the period under review. VN Index sector and weight based on GICS sector classification.
2. These investments are listed on the Hanoi Stock Exchange's Unlisted Public Companies Market ("UPCoM"), and therefore are not constituents of the VN Index which is based on the Ho Chi Minh Stock Exchange's constituents.

Source: Bloomberg, VinaCapital Research

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

Portfolio review (continued)

As of 31 December 2021, our top ten holdings in the public equity portfolio made up 66.5% of NAV, and reflect our disciplined, long-term investment approach of acquiring high quality companies, many through the private equity route. Highlights include:

- **Hoa Phat Group (HOSE: HPG, 14.3% of NAV)**, Vietnam's largest integrated steel producer, with over 33% market share in construction steel, reported fourth quarter 2021 results with revenue of USD2.0 billion (+74% y-o-y) and net profit of USD322 million (+59% y-o-y), supported by strong sales volumes and their ability to demand high steel prices by passing on costs to customers. Nevertheless, the quarter-on-quarter decline in profit of 29% disappointed the market. In HPG's defence, in the third quarter the company recorded its highest ever quarterly profit of USD450 million. For the full-year HPG achieved revenue of USD6.6 billion (+65% y-o-y) and net profit of USD1.5 billion (+156% y-o-y), which were in line with market consensus. Furthermore, HPG is only the second listed Vietnamese company in history to deliver over USD1 billion in net profit.
- **Khang Dien House (HOSE: KDH, 12.0% of NAV)**, is the leading landed property (townhouses and villas) developer in Ho Chi Minh City ("HCMC"), and since 2017 the company has expanded into mid-range condominium developments. Currently, KDH owns projects with a total land area of approximately 600 hectare (ha) within HCMC's greater metropolitan area. KDH reported a fourth quarter net profit of USD18 million (+8% y-o-y), and for the full year achieved revenue and net profit of USD162 million (-18% y-o-y) and USD52 million (+4% y-o-y), respectively. This was in line with market expectations which had taken into consideration some delays in the launches of several projects due to the extended lockdowns experienced in 2021. Looking ahead into 2022, KDH expects to bring these delayed projects, along with the 5.7 ha Doan Nguyen Project in Cat Lai – District 2, HCMC that it acquired from CapitaLand, and the 15 ha land parcel Binh Trung 2 adjacent to the Doan Nguyen Project, to consolidate into a 20 ha project ready for pre-sales. The company has forecast a doubling of revenues for 2022 as activity resumes around these delayed and new projects.
- **Asia Commercial Bank (HOSE ACB, 6.0% of NAV)**, is one of the leading private commercial banks in Vietnam, focusing on the retail and SME segments. It listed on the Ho Chi Minh Stock Exchange in December 2020. ACB reported a strong recovery in credit growth over the fourth quarter as social distancing measures were lifted across Vietnam's major cities and business conditions normalised particularly in the South. For the full year, operating income reached USD1 billion (+30% y-o-y) on the back of higher net interest margin accruing from strong 16.2% credit growth for the 2021 as well as lower funding costs. Despite the spike in provisions that we treat as a proverbial "kitchen-sinking" exercise that paves the way for lower credit costs for the bank in 2022 and possibly beyond, ACB was still able to grow net profit by 25% y-o-y to USD418 million.
- **An Cuong Wood-working (UPCoM: ACG, 3.5% of NAV)** successfully completed its listing on the Hanoi Stock Exchange's Unlisted Public Companies Market ("UPCoM") in August 2021. ACG was our largest private equity investment as of 30 June 2021 and when it listed, the investment moved to our public equity portfolio as a top 10 holding. We initially invested into ACG in 2016, and today ACG is the leading manufacturer of decorative wooden panels in Vietnam, with a top notch brand and a domestic market share in excess of 60% in the medium and high-end segments.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

INVESTMENT MANAGER'S INTERIM REPORT (continued)

Investment Strategy and Considerations post-Pandemic

The investments in our private equity portfolio have demonstrated resilience, both during the extended period of impact from the health pandemic, as well during recent market volatility as a result of geopolitical conflicts. We are long-term investors, have patient capital, and target returns over the longer period rather than focus on the short term. Our private equity investments involve a high degree of engagement with our investee companies where we can bring to the table our considerable experience and networks. This is what makes VOF unique and sets us apart from other investors here in Vietnam.

Our terms of entry in private equity opportunities typically include performance commitments, drag/tag along rights, as well as board and management participation. They also come with due diligence rights, the results of which may mean that we become active investors in some circumstances and passive in others.

Given this private approach to investing, many of the opportunities that VOF invests into are not available to public investors. Many of the publicly listed securities held in the portfolio started as private investments but subsequently migrated to a public listing and shareholders continue to enjoy the returns from the public market performance of these listed investments.

Nevertheless, when investing directly into publicly listed companies, foreign ownership limits (FOL) apply to the majority of these companies. Approximately 40 listed companies out of the approximately 760 listed companies on the two main bourses have completely eliminated their FOL, while in certain restricted sectors, a low cap is imposed on listed companies (e.g. Banks at 30%, Real Estate at 50%). FOL remains one of, if not the biggest, challenge for foreign investors. It narrows the number of companies that foreign investors may be willing to invest in given the potentially substantial premiums for stock available to foreign investors. Needless to say, solving the FOL issue will pave the way for Vietnam's ascension to the MSCI Emerging Market index, and therefore attract significant foreign investors into its public markets.

On the other hand, our approach to investing into private companies means that we do not have to contend with FOLs and as such, we are able to acquire much larger stakes in companies without needing to pay a premium. This is a particularly effective strategy where we invest into companies pre-IPO, and as part of their commitments to us, we help them to list on the main bourses.

As we learn to live with COVID and take into consideration the rapid reopening and recovery of the economy, we reflect on our investment strategy and our typical terms of investment. The stock market has done well over the past two years with a significant increase in liquidity, predominantly from domestic retail investors who are more likely to be short-term oriented. The following observations will need to be considered:

- Public market valuations have risen significantly reflecting a combination of P/E multiple expansion and earnings growth. Consideration has to be made as to whether such growth and valuation multiples are sustainable.
- While the economy did not contract in 2020 or 2021, it certainly has grown at a slower pace compared to the recent historical average. Looking ahead, we expect a reversion to these historical averages and our Chief Economist has forecasted that GDP is expected to grow between 6.5% and 7.5% over the next three to five years. We need to consider whether such growth will be achievable.
- Foreign investors have been net sellers of the stock market over the last two years. There is consensus that foreign flows will return to Vietnam's stock market to capture the growth and seek returns less prevalent in developed markets. This will be a significant driver to the next level of market liquidity.

With the above considerations, our strategy will need to focus more on seeking downside protections on our investments. Historically, we have been successful at seeking performance commitments from sponsors. However, in the light of strong market liquidity, many private businesses will seek a public listing within a shorter period of time to take advantage of valuation multiples and readily available capital. Thus, in addition to performance commitments, we will seek terms to protecting our investment when a company lists.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

INVESTMENT MANAGER'S INTERIM REPORT (continued)

Investment Strategy and Considerations post-Pandemic (continued)

Over recent years, the average size of VOF's investments has increased reflecting the growth in the size of the portfolio. Looking ahead to the next 3 to 5 years, it is likely that we will target investments where we can deploy USD25 million to USD35 million, and may go above this amount should the opportunity present itself. It is important to recognise that although market liquidity has increased significantly, it is still fairly challenging to exit large positions in a listed company on the market without affecting the share price in the absence of high liquidity. Therefore, as VOF increases its investment size, we will need to look more towards trade sales and M&A transactions to complete the investment cycle. Fortunately, Vietnam continues to be a highly sought-after market for strategic acquisition opportunities for regional investors. We have found that divestments to strategic investors have commanded attractive premiums for controlling stakes in companies.

VOF invests for the long term, and with our investment team based on the ground here in Vietnam, we help companies to grow by creating value and working alongside management; this is highly appreciated by local entrepreneurs and sponsors. On the other hand, investments made by typical private equity structured funds, normally in the form of limited partnerships / general partnerships ("LP/GP funds") may have shorter investment time horizons, which can put tremendous pressure on sponsors to help seek an exit for these private equity investors. This has left a very negative reputation for private equity funds participating in Vietnam. VOF can clearly take advantage of this by partnering with sponsors for the long term, and we have demonstrated this in companies like HPG or KDH where we have invested for over 10 years.

As Vietnam matures and eventually graduates into MSCI's EM index, we are seeing target and minimum expected returns decline to reflect a less risky environment. On investment opportunities with strong downside protections, we can expect an internal rate of returns ("IRR") to be in the high teens. For VOF's private equity investment opportunities, we can expect a base case IRR level in excess of twenty percent. That being said, we target businesses that can grow earnings per annum well above twenty percent and furthermore, we can also expect P/E multiple expansion when exiting, whether through a trade sale or via a listing given that we typically are able to enter private investments at a 20% to 40% discount to the comparable public market peer valuation. A combination of earnings growth and multiple expansion does give us confidence that we are able to deliver IRRs well above 30%.

Looking ahead, the investment pipeline looks very promising as at present we have over USD150 million in potential opportunities in the private equity and privately negotiated investment pipeline that we are evaluating, either at the initial negotiation stages or in due diligence. The sectors we are focusing on include Real Estate, Industrial Property, Hospitality, Financials, and Healthcare given our view that these sectors will perform well in the post-pandemic economic recovery.

Risks and headwinds

While we remain optimistic for Vietnam's outlook in 2022, there are several risks to which we remain vigilant and continue to monitor, including:

- A reversion to strict social distancing and lock-down measures as a reaction to uncontrolled COVID outbreaks or mutations and variants of concern. This can be a material risk if the government experiences a significant burden on the health system. Fortunately at present, patients in Vietnam appear to be experiencing milder symptoms and so the health care system has not been overwhelmed.
- While the Vietnamese government has promised a relatively modest economic stimulus package of USD15 billion over the next two years, there is a risk that disbursements will not be issued in a timely manner and therefore the accretive effect to GDP growth from this stimulus package may be below expectations.
- Higher-than-expected domestic inflation and interest rates could put pressure on equity valuations as well as retail investor participation. The spill-over effects on asset classes and asset class performance as risk-reward expectations shift may bring further volatility to markets.
- Tighter fiscal and monetary conditions in global markets may lead to continued net outflow of foreign capital in emerging/frontier markets, including Vietnam.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

INVESTMENT MANAGER'S INTERIM REPORT (continued)

Risks and headwinds (continued)

- China's prolonged Zero COVID strategy may lead to a further decline in cross-border economic activities.
- The escalation of geopolitical tensions, in particular between the US and China, could disrupt Vietnam's trade.

Outlook

The starting point for investing in developing markets is the top-down picture, and in this regard Vietnam remains attractive. Most investors are familiar with Vietnam's appeal, due to its favourable demographics, secular and structural growth opportunities, strong FDI and export growth, resilient domestic demand and private consumption, solid fiscal position, low foreign debt and stable political environment. This backdrop has allowed companies to post higher profitability and faster earnings growth, which generally leads markets higher.

We believe that this will continue – consensus estimates for 2022 earnings growth are among the strongest in the region, yet the market P/E multiples remain at a discount relative to its Southeast Asia peers. COVID-19 has certainly been disruptive to the economy and its equity markets, but it has not derailed the country's or the market's promise. While the pandemic remains a risk to Vietnam, the key risk is currently emanating from the conflict between Russia and Ukraine leading to volatility in markets and challenges to global economic growth forecasts.

Andy Ho

Chief Investment Officer and Managing Director
VinaCapital Vietnam Opportunity Fund Limited
24 March 2022

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 2021 to 31 December 2021 (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, 2020 and is subject to the Companies (Guernsey) Law, 2008 (the “Guernsey Law”).

The Company’s shares are 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 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 will not invest in other listed closed-ended funds

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.

Principal Risks

The process which the Company follows in order to identify and mitigate its key risks is set out on pages 36 to 40 of the Annual Financial Statements for the year ended 30 June 2021 (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 revised the list as set out in the Annual Report.

Geopolitical Risk

Risks to global growth have heightened recently as a result of the conflict in Ukraine. The rise in energy and commodity prices are likely to have an impact on the Vietnamese economy and the prospects for companies in Vietnam. There may also be a heightened risk of malicious cyber activity.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

INTERIM REPORT OF THE BOARD OF DIRECTORS (continued)

Principal Risks (continued)

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 or sanctions could affect the Vietnamese economy and the companies in which the Company is invested. As Vietnam has become increasingly connected with the rest of the world, significant world events 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.

COVID-19 pandemic

There is a continuing risk of further outbreaks in both Vietnam and in Guernsey.

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. The Board notes that the discount widened following the conflict in Ukraine.

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 Vietnam's Unlisted Public Company Market ("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 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.

Investment Management Performance

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.

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.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

INTERIM REPORT OF THE BOARD OF DIRECTORS (continued)

Principal Risks (continued)

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

- (a) the likely consequences of any decision in the long term;
- (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 28 of the Annual Report and Financial Statements for the year ended 30 June 2021, 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 and the Board increased the half yearly dividend to 8.0 cents per share in October 2021. Although the NAV increased during the half year, given the current global uncertainties, the Board has decided not to increase the dividend at this stage but will review the dividend again once the results for the full year are known. Consequently, on 24 March 2022 the Board declared a maintained dividend of 8.0 cents per share payable on or around 10 May 2022.

Performance

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

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

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

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

Related Parties

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

INTERIM REPORT OF THE BOARD OF DIRECTORS (continued)

Share repurchase programme

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

Board of Directors

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

Name	Position	Date of appointment
Steve Bates *	Former Chairman	1 February 2013
Huw Evans *	Chairman	27 May 2016
Thuy Bich Dam	Director	4 March 2014
Julian Healy	Director	23 July 2018
Kathryn Matthews	Director	10 May 2019
Peter Hames	Director	24 June 2021

* Steve Bates retired from the Board on 2 December 2021 and was replaced as Chairman by Huw Evans.

Directors' interests in the Company

As at 31 December 2021 and 30 June 2021, the interests of the Directors in shares of the Company were as follows:

	Shares held as at 31 December 2021	Shares held as at 30 June 2021
Steve Bates	n/a*	25,000
Huw Evans	35,000	35,000
Thuy Bich Dam	-	-
Julian Healy	15,000	15,000
Kathryn Matthews	9,464	9,464
Peter Hames	8,000	-

* Steve Bates retired from the Board on 2 December 2021.

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:

Huw Evans

Chairman

VinaCapital Vietnam Opportunity Fund Limited

24 March 2022

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 Interim 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:

Julian Healy

Director

VinaCapital Vietnam Opportunity Fund Limited

24 March 2022

Independent review report to VinaCapital Vietnam Opportunity Fund Limited

Report on the condensed interim financial statements

Our conclusion

We have reviewed VinaCapital Vietnam Opportunity Fund Limited's condensed interim financial statements (the "interim financial statements") in the Interim Report and Condensed Interim Financial Statements of VinaCapital Vietnam Opportunity Fund Limited for the 6-month period ended 31 December 2021. 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 2021;
- the condensed statement of comprehensive income for the period then ended;
- the condensed statement of cash flows for the period then ended;
- the condensed statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

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

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

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

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

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

Independent review report to VinaCapital Vietnam Opportunity Fund Limited (continued)

Report on the condensed interim financial statements (continued)

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the International Auditing and Assurance Standards. 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
24 March 2022

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CONDENSED STATEMENT OF FINANCIAL POSITION

		31 December 2021	30 June 2021
	Note	USD'000	USD'000
		(Unaudited)	(Audited)
TOTAL ASSETS			
Financial assets at fair value through profit or loss	8	1,468,883	1,353,108
Receivables and prepayments	10	127	88
Cash and cash equivalents	6	10,553	76,225
Total assets		1,479,563	1,429,421
TOTAL LIABILITIES			
Accrued expenses and other payables	12	23,032	20,803
Deferred incentive fees		41,053	48,845
Total liabilities		64,085	69,648
SHAREHOLDERS' EQUITY			
Share capital	11	299,434	317,112
Retained earnings		1,116,044	1,042,661
Total shareholders' equity		1,415,478	1,359,773
Total liabilities and shareholders' equity		1,479,563	1,429,421
Net asset value, USD per share	17	8.54	8.07
Net asset value, GBP per share¹		6.31	5.85

The Condensed Interim Financial Statements were approved and signed by the Board of Directors on 24 March 2022.

Huw Evans
Chairman

Julian Healy
Director

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

¹ The Company's shares are quoted in GBP. The USD NAV per share has been translated to GBP using the rates of exchange at 30 June 2021 and 31 December 2021.

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
Balance at 1 July 2020		354,595	521,510	876,105
Profit for the period		-	231,548	231,548
Total comprehensive income		-	231,548	231,548
Transactions with shareholders				
Shares repurchased		(23,725)	-	(23,725)
Dividends paid		-	(9,406)	(9,406)
Balance at 31 December 2020		330,870	743,652	1,074,522
For the six months ended 31 December 2021 (Unaudited)				
Balance at 1 July 2021		317,112	1,042,661	1,359,773
Profit for the period		-	86,671	86,671
Total comprehensive income		-	86,671	86,671
Transactions with shareholders				
Shares repurchased	11	(17,678)	-	(17,678)
Dividends paid	9	-	(13,288)	(13,288)
Balance at 31 December 2021		299,434	1,116,044	1,415,478

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Note(s)	Six months ended 31 December 2021 USD'000 (Unaudited)	Six months ended 31 December 2020 USD'000 (Unaudited)
Dividend income	13	28,141	47,614
Net gains on financial assets at fair value through profit or loss	14	81,991	221,344
General and administration expenses	15(a)	(10,254)	(8,166)
Finance cost	15(b)	(3,311)	-
Incentive fee accrued	3, 15(b)	(9,896)	(29,244)
Operating profit		86,671	231,548
Profit before tax		86,671	231,548
Corporate income tax	16	-	-
Profit for the period		86,671	231,548
Total comprehensive profit for the period		86,671	231,548
Earnings per share			
- basic and diluted (USD per share)	17	0.52	1.34
- basic and diluted (GBP per share) ¹		0.38	0.98

All items were derived from continuing activities.

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

¹ 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 2021 and 31 December 2021.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CONDENSED STATEMENT OF CASH FLOWS

	Note(s)	Six months ended 31 December 2021 USD'000 (Unaudited)	Six months ended 31 December 2020 USD'000 (Unaudited)
Operating activities			
Profit before tax		86,671	231,548
Adjustments for:			
Net gains on financial assets at fair value through profit or loss	14	(81,991)	(221,344)
Incentive fee accrued	15(b), 19	(9,896)	(29,244)
Finance cost	15(b)	(3,311)	-
		(8,527)	(19,040)
Change in receivables and prepayments	10	(39)	(879)
Change in accrued expenses, other payables and deferred incentive fees	12	5,284	58,135
Net cash (outflow)/inflow from operating activities		(3,282)	38,216
Investing activities			
Purchases of financial assets at fair value through profit or loss	8	(78,904)	(86,520)
Return of capital from financial assets at fair value through profit or loss	8	45,120	75,436
Net cash used in investing activities		(33,784)	(11,084)
Financing activities			
Shares repurchased and cancelled	11	(15,318)	(23,725)
Dividends paid	9	(13,288)	(9,406)
Net cash used in financing activities		(28,606)	(33,131)
Net change in cash and cash equivalents for the period		(65,672)	(5,999)
Cash and cash equivalents at the beginning of the period	6	76,225	7,457
Cash and cash equivalents at the end of the period	6	10,553	1,458

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 2020 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 2021 were approved for issue by the Board on 24 March 2022.

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 2021, which were prepared in accordance with International Financial Reporting Standards. The statutory Financial Statements for the year ended 30 June 2021 were approved by the Board of Directors on 25 October 2021. 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 2021 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 2021 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 2021 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 expected credit losses are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

(e) Classification and measurement of financial liabilities

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 the Condensed Statement of Comprehensive Income.

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 2021.

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 2021, 100% (30 June 2021: 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 2021 and 30 June 2021, 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 Vietnam's Unlisted Public Company Market ("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 the year end, the Company's underlying investments in private equities are fair valued by an Independent Valuer or by the Investment Manager using discounted cash flow models or pricing analysis with cross checks to a market comparison approach. The projected future cash flows are driven by management's business strategies and goals and its assumptions of growth in gross domestic product ("GDP"), market demand, inflation, etc. For the principal investments, the Independent Valuer and, where relevant, the Investment Manager selects appropriate discount rates that reflect the level of certainty of the quantum and timing of the projected cash flows.

As at 31 December 2021, the Investment Manager reviewed the valuations carried out as at 30 June 2021 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 2021 and the Audit Committee, having considered these, then made recommendations for approval by the Board. Refer to note 20(c) which sets out a sensitivity analysis of the significant observable inputs used in the valuations of the private equity investments.

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 any underlying operating asset is based on valuations by an independent specialist appraiser. These valuations are based on certain assumptions which are subject to uncertainty and might result in valuations which differ materially from the actual results of a sale. The estimated fair values provided by the independent specialist appraisers are then used by the Independent Valuer as the primary basis for estimating fair value of the Company's subsidiaries and associates that hold these properties in accordance with accounting policies set out in note 2.6. As at the period end, the Company was in negotiations to sell the operating asset and the estimated sales price was used as the basis of the valuation.

(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 average month-end NAV during that year; and
- Any incentive fees earned in excess of this 1.5% cap will be accrued if they are expected to be paid out in subsequent years.

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.

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 incentive fees. Any unwinding of the discount recorded in the previous financial period is recorded as a finance cost in the Condensed Statement of Comprehensive Income.

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.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

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

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

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.

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 the investment sector. 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 the investment sector. Other assets and liabilities are classified as other net assets.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

4. SEGMENT ANALYSIS (continued)

Segment information can be analysed as follows:

Condensed Statement of Comprehensive Income

	Capital Markets* USD'000	Operating Assets USD'000	Private Equity USD'000	Total USD'000
Six months ended 31 December 2021				
(Unaudited)				
Dividend income	28,141	-	-	28,141
Net gains on financial assets at fair value through profit or loss	56,204	155	25,632	81,991
General and administration expenses	(8,176)	(92)	(1,986)	(10,254)
Finance expense	(2,640)	(30)	(641)	(3,311)
Incentive fee accrued	(7,891)	(89)	(1,916)	(9,896)
Profit/(loss) before tax	65,638	(56)	21,089	86,671
Six months ended 31 December 2020				
(Unaudited)				
Dividend income	19,709	-	27,905	47,614
Net gains/(losses) on financial assets at fair value through profit or loss	243,499	(41)	(22,114)	221,344
General and administration expenses	(6,454)	(90)	(1,622)	(8,166)
Incentive fee accrued	(23,114)	(321)	(5,809)	(29,244)
Profit/(loss) before tax	233,640	(452)	(1,640)	231,548

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

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
As at 31 December 2021					
(Unaudited)					
Financial assets at fair value through profit or loss	1,130,391	12,685	274,588	51,219	1,468,883
Receivables and prepayments	-	-	-	127	127
Cash and cash equivalents	-	-	-	10,553	10,553
Total assets	1,130,391	12,685	274,588	61,899	1,479,563
Total liabilities					
Accrued expenses and other payables	-	-	-	23,032	23,032
Deferred incentive fee	-	-	-	41,053	41,053
Total liabilities	-	-	-	64,085	64,085
Net asset value	1,130,391	12,685	274,588	(2,186)	1,415,478

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

4. SEGMENT ANALYSIS (continued)

	Capital Markets* USD'000	Operating Assets USD'000	Private Equity USD'000	Other Net Assets** USD'000	Total USD'000
As at 30 June 2021					
(Audited)					
Financial assets at fair value through profit or loss	1,058,428	12,530	255,407	26,743	1,353,108
Receivables	-	-	-	88	88
Cash and cash equivalents	-	-	-	76,225	76,225
Total assets	1,058,428	12,530	255,407	103,056	1,429,421
Total liabilities					
Accrued expenses and other payables	-	-	-	20,803	20,803
Deferred incentive fees	-	-	-	48,845	48,845
Total liabilities	-	-	-	69,648	69,648
Net asset value	1,058,428	12,530	255,407	33,408	1,359,773

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

** Other net assets of USD51.2 million (30 June 2021: asset of USD26.7 million) include cash and cash equivalents and other net assets of the subsidiaries and associates at fair value.

5. INTERESTS IN SUBSIDIARIES AND ASSOCIATES

There is no legal restriction to the transfer of funds from the British Virgin Islands ("BVI") or Singapore subsidiaries to the Company. Cash held in directly-owned as well as indirectly-owned Vietnamese subsidiaries and associates is subject to restrictions imposed by co-investors and the Vietnamese government and therefore it cannot be transferred out of Vietnam unless such restrictions are satisfied. As at 31 December 2021, the restricted cash held in these Vietnamese subsidiaries and associates amounted to USD nil (30 June 2021: 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 2021:

Subsidiary	Country of incorporation	As at	As at	Nature of the business
		31 December 2021	30 June 2021	
		% of Company interest	% of Company interest	
Allwealth Worldwide Limited	British Virgin Islands ("BVI")	100.00	100.00	Holding company for investments
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 investments
Clipper Ventures Limited	BVI	100.00	100.00	Holding company for investments
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 investments
Longwoods Worldwide Limited	BVI	100.00	100.00	Holding company for listed securities
Navia Holdings Limited	BVI	100.00	100.00	Holding company for investments
Portal Global Limited	BVI	100.00	100.00	Holding company for listed 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
Turnbull Holding Pte. Ltd.	Singapore	100.00	100.00	Holding company for investments
Vietnam Enterprise Limited	BVI	100.00	100.00	Holding company for listed and unlisted securities
Vietnam Investment Limited	BVI	100.00	100.00	Holding company for listed and unlisted securities
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 investments
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

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 2021:

Indirect subsidiary	Country of incorporation	Nature of the business	Immediate parent	As at	As at
				31 December 2021	30 June 2021
				% of Company's indirect interest	% of Company's indirect interest
Abbott Holding Pte. Limited	Singapore	Holding company for investments	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 Ltd *	BVI	Holding company for private equity	Clipper Ventures Limited	100.00	50.00
Chifley Investments Pte. Ltd	Singapore	Holding company for investments	Belfort Worldwide Limited	100.00	100.00
Clipper One Limited	BVI	Holding company for investments	Clipper Ventures 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	80.90	50.00
Halley Four Limited	BVI	Holding company for investments	Clipper Ventures Limited	79.40	79.40
Halley One Limited	BVI	Holding company for investments	Clipper Ventures Limited	81.31	81.31
Halley Six Limited	BVI	Holding company for investments	Clipper Ventures Limited	100.00	100.00
Halley Three Limited	BVI	Holding company for investments	Clipper Ventures Limited	80.07	80.07
Halley Two Limited	BVI	Holding company for investments	Clipper Ventures Limited	83.46	83.46
Howard Holdings Pte. Limited	Singapore	Holding company for investments	Allwealth Worldwide Limited	100.00	100.00
Liva Holding Limited **	BVI	Holding company for private equity	Halley Five Limited	80.90	-
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
Sharda Holdings Limited	BVI	Holding company for private equity	Clipper Ventures Limited	89.64	89.64
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
Victory Holding Investment Limited	BVI	Holding company for listed securities and private equity	Clipper Ventures Limited	87.58	87.58
Vietnam Opportunity Fund II Pte. Ltd.	Singapore	Holding company for private equity	Belfort Worldwide Limited	68.00	68.00
Whitlam Holding Pte. Limited	Singapore	Holding company for private equity	Navia Holdings Limited	61.26	61.26

* Allright Assets Ltd became a subsidiary of Clipper Ventures Limited during the period ended 31 December 2021.

** Liva Holdings Limited became a subsidiary of Halley Five Limited during the period ended 31 December 2021.

*** Capriccio Limited injected additional capital into the joint venture arrangement during the period ended 31 December 2021.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

5. INTERESTS IN SUBSIDIARIES AND ASSOCIATES (continued)

5.3 Direct interests in associates

The Company did not have any directly-owned associates as at 31 December and 30 June 2021.

5.4 Indirect interests in associates

The Company had the following indirect interests in associates at 31 December and 30 June 2021:

				As at 31 December 2021	As at 30 June 2021
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	Packaging materials	Tempel Four Limited	28.54	28.54
Thu Cuc Medical & Beauty Care Joint Stock Company	Vietnam	Medical and healthcare services	Aldrin One Pte. Ltd	24.39	24.39

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

5. INTERESTS IN SUBSIDIARIES AND ASSOCIATES (continued)

5.5 Financial risks

As at 31 December 2021, the Company owned a number of subsidiaries and associates for the purpose of holding investments in listed and unlisted securities, an operating asset 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 2021 USD'000	30 June 2021 USD'000
	(Unaudited)	(Audited)
Cash at banks	10,553	76,225

As at 31 December 2021, the cash and cash equivalents were denominated in USD and GBP.

As at 31 December 2021, the Company's overall cash position including cash held in directly held subsidiaries was USD51.4 million (30 June 2021: USD100.7 million). Please refer to note 8 for details of the cash held by the Company's subsidiaries. As mentioned in note 5, the restricted cash held in Vietnamese subsidiaries and associates amounted to USD nil (30 June 2021: USD nil).

7. FINANCIAL INSTRUMENTS BY CATEGORY

	Financial assets at amortised cost USD'000	Financial assets at fair value through profit or loss USD'000	Total USD'000
As at 31 December 2021 (Unaudited)			
Financial assets at fair value through profit or loss	-	1,468,883	1,468,883
Cash and cash equivalents	10,553	-	10,553
Receivables (excluding prepayments and deferred expenses)	-	-	-
Total	10,553	1,468,883	1,479,436
Financial assets denominated in:			
- GBP	181	-	181
- USD	10,372	1,468,883	1,479,255
As at 30 June 2021 (Audited)			
Financial assets at fair value through profit or loss	-	1,353,108	1,353,108
Cash and cash equivalents	76,225	-	76,225
Receivables (excluding prepayments)	4	-	4
Total	76,229	1,353,108	1,429,337
Financial assets denominated in:			
- GBP	10	-	10
- USD	76,219	1,353,108	1,429,327

As at 31 December 2021 and 30 June 2021, the carrying amounts of all financial liabilities approximate their fair values.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

7. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

All financial liabilities, with the exception of the deferred incentive fees, are short term in nature and their carrying values approximate their fair values. The fair value of the deferred incentive fees does not materially differ from their carrying amount which is based on the discounted cash flows using an annualised rate of 8%. There are no financial liabilities that must be accounted for at fair value through profit or loss (30 June 2021: nil).

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	31 December 2021		30 June 2021	
	Within 12 Months USD'000	Over 12 Months USD'000	Within 12 Months USD'000	Over 12 Months USD'000
Cash and cash equivalents	40,872	-	24,512	-
Ordinary shares – listed	940,785	-	938,215	-
Ordinary shares – unlisted *	189,606	-	120,213	-
Private equity	-	274,588	-	255,407
Operating asset	-	12,685	-	12,530
Other net assets	10,347	-	2,231	-
	1,181,610	287,273	1,085,171	267,937

* 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 2021	30 June 2021
	USD'000 (Unaudited)	USD'000 (Audited)
Real Estate	363,655	296,336
Materials	306,224	351,933
Financials	305,137	292,878
Industrials	123,190	99,243
Consumer Staples	89,226	44,424
Health Care	73,801	67,114
Consumer Discretionary	63,598	86,134
Information Technology	58,426	54,210
Energy	34,406	33,693

As at 31 December 2021, an underlying holding, Hoa Phat Group, within financial assets at fair value through profit or loss amounted to 14.3% of the NAV of the Company (30 June 2021: 19.5%). The next significant holding is Khang Dien Housing amounted to 12.0% of the NAV of the Company (30 June 2021: 9.1%).

There have been no changes in the classification of financial assets at fair value through profit or loss shown as Level 3 during the period ended 31 December 2021.

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

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

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

	For the six months ended	
	31 December 2021	31 December 2020
	(Unaudited)	(Unaudited)
Opening balance	1,353,108	870,482
Purchases	78,904	86,520
Return of capital	(45,120)	(75,436)
Net gains for the period	81,991	221,344
	1,468,883	1,102,910

9. DIVIDEND POLICY

The dividends paid in the reporting period were as follows:

During the six months ended 31 December 2021	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 2021	8.0	13,288	5 November 2021	4 November 2021	6 December 2021

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

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 2021	30 June 2021
	USD'000	USD'000
	(Unaudited)	(Audited)
Prepayments	70	84
Deferred expenses	57	-
Amounts receivable from group companies	-	4
	127	88

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 2021 and 30 June 2021, 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 provided for.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

11. SHARE CAPITAL

The Company may issue an unlimited number of shares, including shares of no par value or shares with a par value. Shares may be issued as (a) shares in such currencies as the Directors may determine; and/or (b) such other classes of shares in such currencies as the Directors may determine in accordance with the Articles and the Guernsey Law and the price per share at which shares of each class shall first be offered to subscribers shall be fixed by the Board. The minimum price which may be paid for a share is USD0.01. The Directors will act in the best interest of the Company and existing shareholders when authorising the issue of any shares.

Issued capital

	31 December 2021		30 June 2021	
	Number of shares	USD'000	Number of shares	USD'000
Issued and fully paid at 1 July	184,600,992	317,112	192,311,125	491,301
Cancellation of treasury shares	(2,764,317)	-	(7,710,133)	-
Issued and fully paid at period/year end	181,836,675	317,112	184,600,992	491,301
Shares held in treasury	(16,182,716)	(17,678)	(16,182,716)	(174,189)
Outstanding shares at period/year end	165,653,959	299,434	168,418,276	317,112

Treasury shares

	31 December 2021	30 June 2021
	Number of shares	Number of shares
Opening balance at 1 July	16,182,716	16,182,716
Shares repurchased during the period/year	2,764,317	7,710,133
Shares cancelled during the period/year	(2,764,317)	(7,710,133)
Closing balance at period/year end	16,182,716	16,182,716

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

During the period ended 31 December 2021, 2.8 million shares (31 December 2020: 5.6 million) were repurchased at a cost of USD17.7 million (31 December 2020: USD23.7 million) and subsequently cancelled. There was USD nil (31 December 2020: USD nil) payable at the period end in relation to these shares.

12. ACCRUED EXPENSES AND OTHER PAYABLES

	31 December 2021	30 June 2021
	USD'000	USD'000
	(Unaudited)	(Audited)
Incentive fees payable to the Investment Manager (note 19)	20,999	16,568
Management fees payable to the Investment Manager (note 19)	1,533	1,481
Other payables	436	393
Expenses recharged payable to the Investment Manager (note 19)	64	-
Shares repurchased payable (note 11)	-	2,360
Directors fees payable (note 19)	-	1
	23,032	20,803

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 of the payables to other related parties are disclosed in note 19.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

13. DIVIDEND INCOME

	Six months ended	
	31 December 2021	31 December 2020
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Dividend income	28,141	47,614

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 USD6.2 million in dividends from their investee companies (31 December 2020: USD13.2million).

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

	Six months ended	
	31 December 2021	31 December 2020
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Financial assets at fair value through profit or loss:		
Unrealised gains/(losses), net	81,991	221,344

15(a). GENERAL AND ADMINISTRATION EXPENSES

	Six months ended	
	31 December 2021	31 December 2020
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Management fees and expenses (note 19(a))	8,856	6,688
Custodian, secretarial and other professional fees	555	537
Audit fees	327	305
Directors' fees, including expenses (note 19(c))	261	210
Others	255	426
	10,254	8,166

15(b). ACCRUED INCENTIVE FEE

USD58.3 million in respect of accrued but unpaid incentive fees was carried forward from 30 June 2021. For the period ended 31 December 2021, a further incentive fee of USD12.9 million was accrued. If the net asset value (adjusted for share buybacks and dividends) were to remain the same as the level as at 31 December 2021 until 30 June 2022 then USD21.0 million of these accrued fees would be paid out immediately on publication of the annual accounts for the financial year to 30 June 2022 and is therefore classified as a current liability. The remaining USD50.2 million would then be carried forward and would potentially be due in future years. This amount of USD50.2 million has been discounted to USD41.1 million to reflect the time value of money and is shown as deferred incentive fees in the Condensed Statement of Financial Position. USD 3.3 million has been recorded as a finance cost in the Condensed Statement of Comprehensive Income in respect of unwinding of the discount recorded in the previous financial period.

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 2021	31 December 2020
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Profit for the year (USD'000)	86,671	231,548
Weighted average number of ordinary shares in issue	166,893,252	172,572,076
Basic profit per share (USD per share)	0.52	1.34

(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 2021	30 June 2021
	(Unaudited)	(Audited)
Net asset value (USD'000)	1,415,478	1,359,773
Number of outstanding ordinary shares in issue	165,653,959	168,418,276
Net asset value per share (USD per share)	8.54	8.07

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 USD8.9 million (31 December 2020: USD6.7 million), of which USD63,773 (31 December 2020: USD nil) was in relation to recharge of expenses incurred. In total USD1.6 million (30 June 2021: USD1.5 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), as at 31 December 2021, a total incentive fee of USD71.2 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 2021 until 30 June 2022 then the amount which would be paid out immediately on publication of the annual accounts for the year to 30 June 2022 would be USD21.0 million and USD50.2 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 Company 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 2021 USD	31 December 2020 USD
Steve Bates *	105,000	44,226	47,500
Huw Evans *	105,000	46,223	45,000
Julian Healy *	90,000	45,000	45,000
Thuy Bich Dam	80,000	40,000	40,000
Kathryn Matthews	80,000	40,000	40,000
Peter Hames	80,000	40,000	-
		255,449	217,500

* Steve Bates retired from his position as the Chairman of the Board and was succeeded by Huw Evans on 2 December 2021. Julian Healy was appointed as Chairman of the Audit Committee on the same date.

With effect from 1 July 2021, the annual fee for the position of Chairman of the Board increased from USD90,000 to USD105,000.

There were no directors' fees outstanding at the period end (30 June 2021: USD nil). During the period, directors' expenses totalling USD5,101 were paid.

(d) Shares held by related parties

	Shares held as at 31 December 2021	Shares held as at 30 June 2021
Steve Bates	n/a*	25,000
Huw Evans	35,000	35,000
Thuy Bich Dam	-	-
Julian Healy	15,000	15,000
Kathryn Matthews	9,464	9,464
Peter Hames	8,000	-
Andy Ho	248,084	248,084

* Steve Bates retired from his position as the Chairman of the Board on 2 December 2021.

As at 31 December 2021, Stephen Westwood, a retained Consultant of the Company, owned 6,000 shares (30 June 2021: 6,000) in the Company.

As at 31 December 2021, the Investment Manager owned 1,690,575 shares (30 June 2021: 1,690,575 shares) in the Company.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

19. RELATED PARTIES (continued)

(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.

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 2021.

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 2021 USD'000	30 June 2021 USD'000
	(Unaudited)	(Audited)
Net assets attributable to equity shareholders	1,415,478	1,359,773

(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 2021 and 30 June 2021.

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

20. FINANCIAL RISK MANAGEMENT (continued)

(c) Fair value estimation (continued)

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

	Level 3 USD'000	Total USD'000
As at 31 December 2021		
Financial assets at fair value through profit or loss	1,468,883	1,468,883
As at 30 June 2021		
Financial assets at fair value through profit or loss	1,353,108	1,353,108

The Company classifies its investments in subsidiaries and associates as Level 3 because they are not publicly traded, even when the underlying assets may be readily realisable. There were no transfers between the levels during the period/year ended 31 December 2021 and 30 June 2021.

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

	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
As at 31 December 2021 (Unaudited)				
Cash and cash equivalents	40,872	-	-	45,735
Ordinary shares – listed	940,785	-	-	940,785
– unlisted *	183,291	6,315	-	189,606
Private equity	-	-	274,588	274,588
Operating asset	-	-	12,685	12,685
Other liabilities, net of assets	-	-	10,347	5,484
	1,164,948	6,315	297,620	1,468,883

	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
As at 30 June 2021 (Audited)				
Cash and cash equivalents	24,512	-	-	24,512
Ordinary shares – listed	938,215	-	-	938,215
– unlisted *	113,504	6,709	-	120,213
Private equity	-	-	255,407	255,407
Operating asset	-	-	12,530	12,530
Other assets, net of liabilities	-	-	2,231	2,231
	1,076,231	6,709	270,168	1,353,108

* 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. There were no movements into or out of the Level 3 category during the period.

The Company considers the appropriateness of the valuation model inputs, as well as the valuation results using various valuation methods and techniques which are generally recognised as standard within the industry. The change in the significant unobservable inputs 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, on a look through basis, based on the significant unobservable input assumptions used in the valuation of Level 3 investments as at 31 December 2021, keeping all other assumptions constant. The changes in discount rates by +/- 1% is considered appropriate for the market in which the Company is operating.

At 31 December 2021, the operating asset was valued at USD12.7 million (31 June 2021: USD12.5 million) by reference to its expected sale price and any changes in unobservable input assumptions such as discount rate and cap rate are not considered to be relevant.

Segment	Valuation technique	Valuation (USD'000)	Discount rate	Cap rate	Terminal growth rate	Multiples	Sensitivities in discount rates and cap rates/terminal growth rate (USD'000)				
Private equity	Multiples	12,000	N/A	N/A	N/A	10.8x	Change in sales growth rate				
								-1%	0%	1%	
							Change in EBITDA	-1%	11,918	11,966	12,013
							margin	0%	11,952	12,000	12,048
	1%	11,987	12,034	12,082							
Private equity	Discounted cash flows	154,827 *	10% - 21%	N/A	5%	N/A	Change in discount rate				
								-1%	0%	1%	
							Change in terminal	-1%	156,700	147,629	139,895
							growth rate	0%	164,774	153,827	144,572
	1%	173,861	161,235	151,043							

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

20. FINANCIAL RISK MANAGEMENT (continued)

(c) Fair value estimation (continued)

* The balance of USD 274.6 million reflected as Level 3 private equity earlier in note 20 differs to the above balance of private equity of USD 166.8 million, which excludes three underlying investments that were valued using other valuation methodologies, such as expected sale price, and therefore are not subject to the same sensitivities.

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 2021, keeping all other assumptions constant. The changes in discount rates by +/- 1% are considered appropriate for the market in which the Company is operating.

At 30 June 2021, the operating asset was valued at USD12.5 million by reference to its expected sale price and any changes in unobservable input assumptions such as discount rate and cap rate are not considered to be relevant.

Segment	Valuation technique	Valuation (USD'000)	Discount rate	Cap rate	Terminal growth rate	Multiples	Sensitivities in discount rates and cap rates/terminal growth rate (USD'000)				
Private equity	Multiples	10,345	N/A	N/A	N/A	2.32x	Change in sales growth rate				
								-1%	0%	1%	
	Change in										
	EBITDA										
	margin										
Private equity	Discounted cash flows	169,368 *	12% - 21%	N/A	1.5% - 5%	N/A	Change in discount rate				
								-1%	0%	1%	
	Change in										
	terminal										
	growth rate										

* The above sensitivity analysis includes those underlying Level 3 private equity investments that have been valued using the valuation methodologies noted above. The difference between the balance of USD255.4 million recorded as Level 3 private equity investments earlier in note 20 and the two above balances of USD179.7 million relates to two underlying investments that were valued using the post-year end listing prices and are thus not subject to the same sensitivities.

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 calculate the present value of 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 issue by the Board on 24 March 2022.

A dividend of 8.0 cents per share in respect of the half year ended 31 December 2021 was declared on 24 March 2022. The dividend is payable on or around 10 May 2022 to shareholders on record at 8 April 2022.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

MANAGEMENT AND ADMINISTRATION

Directors

Steve Bates (Retired on 2 December 2021)
Thuy Bich Dam
Huw Evans
Peter Hames
Julian Healy
Kathryn Matthews

Registrar

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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

<u>Term</u>	<u>Definition</u>
BVI	The British Virgin Islands
Company or Fund or VOF	VinaCapital Vietnam Opportunity Fund Limited
CPI	Consumer price index
Discount	Calculated as NAV per share less share price divided by NAV per share
EBITDA	Earnings before interest, tax, depreciation and amortisation. A measure of the gross profit of a company
EPS	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
Equitisation	The process of selling a company from public ownership to private investors. Known as privatisation in other countries
ESG	Environmental, Social and Governance
EV	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
FDI	Foreign direct investments
FII	Foreign indirect investments
FY	Financial year. The Company's financial year runs from 1 July to 30 June
GBP	British Pound Sterling
GDP	Gross Domestic Product. GDP is a monetary measure of the market value of all of the final goods and services produced in a specific time period in a country or wider region
GSO	The General Statistics Office of Vietnam, a Vietnamese government agency
HOSE	The Ho Chi Minh Stock Exchange
HNX	The Hanoi Stock Exchange
IPO	Initial public offering – the means by which most listed companies achieve their stock market listing
LSE	The London Stock Exchange
NAV Total Return	A measure of the investment return earned by the Company, taking account of the change in NAV over the period in question and assuming that any dividends paid in the period are reinvested at the prevailing NAV per share at the time that the shares begin to trade ex-dividend

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

GLOSSARY AND ALTERNATIVE PERFORMANCE MEASURES (continued)

Net Asset Value Per Share (NAV)	The total value of the Company's assets less its liabilities (the net assets) divided by the number of shares in issue
Ongoing Charges Ratio	The Ongoing Charges Ratio represents the annualised ongoing charges (excluding finance costs, transaction costs and taxation) divided by the average daily net asset values of the Company for the period and has been prepared in accordance with the AIC's recommended methodology. Ongoing charges reflect expenses likely to recur in the foreseeable future
Private Equity	This consists of investments in private companies, structured investments and bonds with privately negotiated terms.
P/B Ratio	The ratio of a company's share price to the "book" value (being the current valuation as on the company's balance sheet) of its assets
P/E Ratio	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
SBV	The State Bank of Vietnam
Share Price Total Return	A measure of the investment return to shareholders, taking account of the change in share price over the period in question and assuming that any dividends paid in the period are reinvested at the prevailing share price at the time that the shares begin to trade ex-dividend
SOE	State Owned Enterprise
TTM P/E Ratio	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
UPCoM	The Unlisted Public Company Market, a junior bourse to the Hanoi Stock Exchange
USD	United States Dollar
VGB	Vietnamese Government Bond
VN Index	The Ho Chi Minh Stock Exchange Index, a capitalisation-weighted index of all companies listed on the Ho Chi Minh Stock Exchange
VND	Vietnamese Dong