

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

**Interim Report and Unaudited Condensed Interim Financial Statements
for the period 1 July 2016 to 31 December 2016**

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

**INTERIM REPORT AND UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2016**

CONTENTS

Chairman's Statement	2
Investment Manager's Report	4
Interim Report of the Board of Directors	9
Statement of Directors' Responsibilities in Respect of the Unaudited Condensed Interim Financial Statements	12
Independent Interim Review Report	13
Condensed Financial Statements	
Unaudited Condensed Statement of Financial Position	15
Unaudited Condensed Statement of Changes in Equity	16
Unaudited Condensed Statement of Comprehensive Income	17
Unaudited Condensed Statement of Cash Flows	18
Notes to the Unaudited Condensed Interim Financial Statements	19
Management and Administration	40

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CHAIRMAN'S STATEMENT

It has again been a busy six months for VinaCapital Vietnam Opportunity Fund ("VOF" or "the Company").

The international news since I last wrote a Chairman's Statement has been dominated by politics. While the UK's Brexit vote earlier in the year was always likely to be finely balanced, few would have predicted the success of Donald Trump in securing the US presidency. President Trump made much of his desire to improve the lot of American workers while on the campaign trail and his early move to terminate the United States' involvement with the Trans Pacific Partnership is naturally of concern in Vietnam. At the time of writing, this has not had any apparent effect on the value of assets in Vietnam – and indeed indicators remain positive – but your Board and Investment Manager are nevertheless cognisant of increased uncertainty as the new Administration's policy objectives remain unclear.

Previously I have stated that our strategy is:-

- To retain the largest part of the portfolio in listed assets
- To continue to add to OTC and private equity investments as and when opportunities arise
- To reduce holdings in direct real estate and hospitality assets
- To reduce the discount to net asset value at which VOF's shares trade

and there have been no changes to these objectives.

Portfolio Review

I am pleased to report that during the first six months of the current Financial Year, which covers the period from 1 July 2016 to 31 December 2016, the NAV per share of VOF increased by 10.9% in US dollar terms, from US\$3.77 to US\$4.18. The return in pound sterling terms was an increase of 19.9% from £2.82 to £3.38.

Our Investment Manager continues to deliver well against our objectives and the first three elements of the strategy set out above.

The combination of our listed and over-the-counter (OTC) holdings amounted to 60.6% of assets at 31 December, compared with 56.2% at 30 June 2016. As set out in the Investment Manager's Report this, the largest part of our portfolio, again performed very well in the six-month period under review and outperformed relevant equity benchmarks by a considerable margin.

Our Private Equity portfolio also contributed well to returns and, as set out in more detail in the Investment Manager's Report, one investment, Cau Tre, was realised to produce an IRR of 17% and a return on investment of 2.8x. Your Board and Investment Manager continue to focus on this area as a source of potential returns. It is encouraging to be able to report a good pipeline of potential future deals and a cash balance available to complete those which pass our Investment Manager's tests.

Our Investment Manager had considerable success in the six months under review in realising three direct real estate and hospitality projects, in aggregate at a substantial premium to our carrying value and for total proceeds of USD95 million.

Discount Management

The share price discount to net asset value at the last year end was 25.2%; at 31 December 2016 it was 19.1% and at the time of writing it is 21.3%.

Since moving VOF's listing from AIM to the London Stock Exchange's Main Market and its domicile to Guernsey in March 2016, we have seen an increase in demand for VOF's shares and it is encouraging to welcome many new shareholders, which has resulted in a greater spread in the share register. With the Board's encouragement, our Investment Manager and our broker continue with both an active programme of communication with existing shareholders and to seek new investors.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

CHAIRMAN'S STATEMENT (continued)

We have sought to limit supply by means of share buy backs and, over time, VOF has bought back a substantial proportion of its shares. I mentioned in my Chairman's Statement at the last year end that we were precluded from buying back shares by the Market Abuse Directive. I could not reveal it at the time, but this was because of negotiations over an asset, the sale of which was subsequently announced on 15 November 2016. Since then, working with our broker we have again been active in buying back shares and plan to continue to do so.

It is encouraging to note that the discount has reduced somewhat but your Board still believes that further improvement is both necessary and is warranted by the Investment Manager's investment performance.

Annual General Meeting

I am pleased to report that all resolutions presented at VOF's Annual General Meeting on 21 December 2016 were duly passed with a substantial majority in favour of each.

As indicated in the last Annual Report, Mike Gray retired at the conclusion of the Annual General Meeting and Huw Evans assumed Mike's previous role as Chair of the Audit Committee. Once again, I would like to record the Board's gratitude to Mike for his diligence and dedication to VOF over the last seven years.

Outlook

As set out in the opening paragraph of this statement, we live in "interesting" times, particularly on the geopolitical front, and a note of caution is clearly appropriate. Having said this, thus far the Vietnamese stock market has continued to perform well. As our Investment Manager intimates in its report, we operate with a heightened awareness of risk and we will be even more diligent in our reviews both of existing holdings and of potential new deals. Performance over the six months under review has been strong and your Board will continue to encourage our Investment Manager in its efforts.

Steven Bates

Chairman

VinaCapital Vietnam Opportunity Fund

24 March 2017

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

INVESTMENT MANAGER'S REPORT

Net Asset Value ("NAV")
per share total return

+11.0%

(2015: +1.4%)

Share price total return

USD terms: +20.1%

GBP terms: +29.9%

(2015: -4.4% USD terms)

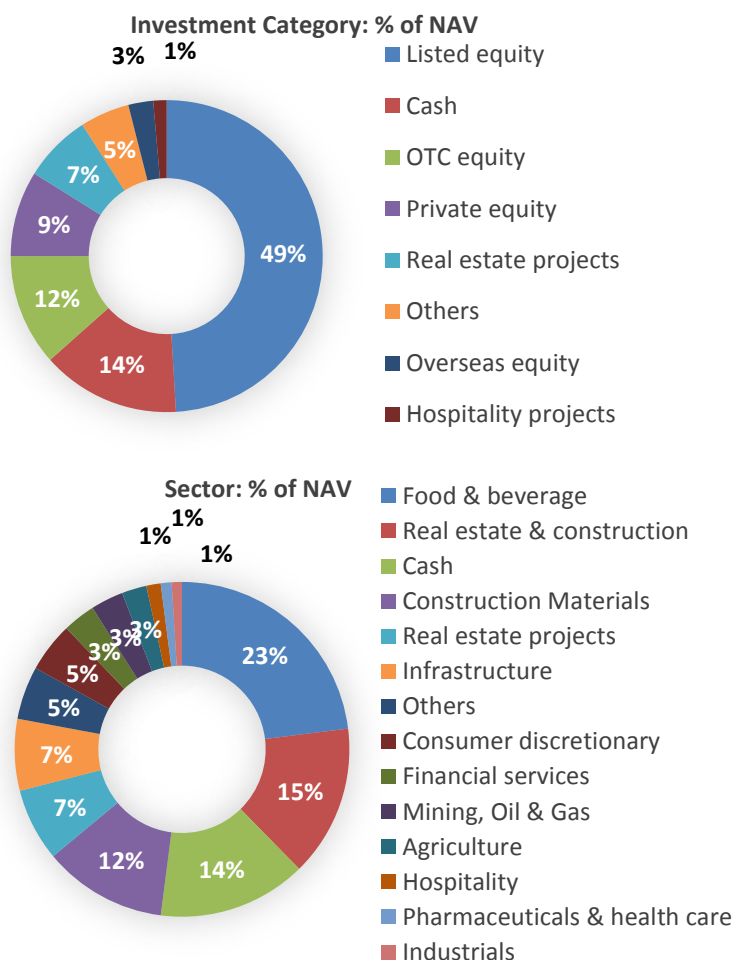
Vietnam Index return (USD
terms)

+3.0%

(2015: -5.7%)

In the six months to 31 December 2016, the NAV of VOF delivered a 11% return on a per share basis, while the share price increased by 20.1% in USD terms (or 29.9% in GBP terms). This compares with an increase of only 3.0% in the benchmark Vietnam Index (VN Index) and -10.3% for the MSCI Vietnam Index.

On a calendar year basis (January to December 2016), we ended the 12 months delivering a 26.3% return on NAV, with the share price increasing 41.7% in USD terms (or 69.3% in GBP terms). The VN Index increased 13.4% over the same period, in USD terms, while the MSCI Vietnam Index was in negative territory, returning -8.5%.



The capital markets component of the portfolio, which accounts for 60.6%* of NAV as at 31 December 2016, and consists of assets that are listed on the HOSE (Ho Chi Minh Stock Exchange) and HNX (Hanoi Stock Exchange, including stocks listed on the junior exchange known as UPCoM), contributed the most to VOF's return. In the six months to 31 December 2016, the capital markets portfolio increased by 11.3%* compared to the 3.0% increase for the VN Index, while for the 12 month calendar year, the portfolio increased 34.8%* compared to a 13.4% increase for the VN Index.

*excludes investments in overseas equities which include Vinaland Limited (VNL) and Vietnam Infrastructure Limited (VNI).

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

INVESTMENT MANAGER'S REPORT (continued)

Several factors accounted for VOF's strong performance. Firstly, our high conviction, active stock selection distinguishes us from other passive, index-replicating strategies. Positions in listed companies including Airports Corporation of Vietnam (ACV), Hoa Phat Group (HPG), Novaland Group (NVL), and Vinamilk (VNM) were the top contributors to the listed portfolio's performance, with the quoted share prices increasing 194.0%, 29.3%, 20.2%, and 9.4% respectively over the six months to 31 December 2016.

Second, our ability to invest into pre-IPO, private equity deals, or as part of the Vietnamese government's privatisation plan (or equitisation as it is known in Vietnam), allows us to seek opportunities outside traditional asset types. In fact, of the top contributors to performance this half-year, two of these listed stocks – ACV and NVL – were previously unlisted investment opportunities before recently commencing trading on the main bourses.

ACV was an equitisation of a state-owned enterprise (SOE) that was traded over-the counter (OTC) pre-listing. NVL on the other hand was a private equity investment, in the form of a convertible preferred equity structure, which gave us the option to convert prior to listing. We participated in both opportunities pre-listing and have enjoyed significant upside subsequent to their public listings.

When evaluating investment opportunities, we are focused on those that enable us to take large, meaningful positions, either with control or with minority downside protections. Targeted companies must demonstrate sound investment fundamentals, be able to deliver strong earnings growth in excess of the market average, and occupy dominant, market leading positions. The success of this approach is demonstrated by our position in two listed companies, HPG and VNM.

HPG is the leading steel manufacturer in Vietnam, which delivered 123% profit growth in the second half of 2016 compared to the same period last year, while VNM is the leading consumer goods company in Vietnam, dominating the liquid dairy milk category, and was able to deliver 17% sales and 21% profit growth respectively compared to the same period last year. VNM and HPG are the largest and second largest holdings in the capital markets portfolio respectively, and have been long-term holdings of VOF. Like our investments in ACV and NVL, we invested into VNM as part of the equitisation process over a decade ago, while HPG was initially a private equity, pre-IPO investment.

Real estate, construction materials, and consumer goods sectors benefit from strong macroeconomic and demand fundamentals

The companies which contributed to VOF's performance over the past six months were from sectors which have benefited from the overall improvement in economic conditions. Vietnam remains an investment led economy, as strong levels of foreign direct investment (FDI) continue to drive manufacturing growth, productivity, and employment which in turn has helped create wealth, higher living standards and boost retail consumption. Furthermore, as industrialisation and urbanisation increases, the government has been spending significantly on construction and infrastructure, with companies in these sectors benefiting from expansionary fiscal policy.

One of the sectors that outperformed the VN Index during the second half of 2016 was real estate and property development. As a result, VOF was able to enjoy significant unrealized gains in property, construction and materials companies, including HPG (share price increased by 29.3% for six months to December, and 75.3% for the full calendar year) and KDH (share price increased by 17.1 for the six months to December, and 23.6% for the full calendar year). Furthermore, VOF divested three real estate development projects and operating assets in the six months to December 2016, generating approximately USD95 million in proceeds partly paid in 2016 and with the balance due over the next two years.

As of 31 December 2016, VOF had 21.7% (including Direct Real Estate exposure of 7.0%) of its total NAV exposed to the property and property related sectors. We remain bullish on these sectors in the immediate future as homes are developed, completed and delivered to buyers. The visibility is quite strong over the next 12 months on revenue recognition in the companies in our portfolio.

Towards the end of 2015 and into 2016, we saw interest rates fall sharply following the decline of inflation (almost zero in 2015), which allowed real estate transactions to increase significantly. Both developers and buyers could borrow more easily and at lower costs. However, sales may start to slow in 2017 should interest rates and inflation climb and thus, revenues could be affected in the longer term. Traditionally, there is a lag of about two-to-three years from the date of purchase commitment to delivery and revenue recognition.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

INVESTMENT MANAGER'S REPORT (continued)

Other sectors which enjoyed substantial gains include consumer-oriented goods and services, including food and beverage (F&B). These sectors have benefited from solid economic growth coupled with a decent level of inflation of almost 5% and lower than expected interest and deposit rates. They have also benefited from a strong level of confidence in the local currency given that it has devalued very little relative to other regional currencies.

2016 saw retail growth of 10.2%, with F&B leading the way at 13%. Large F&B companies like VNM have benefited dramatically. VNM's strong top line and profit growth was due to both general retail demand growth, as well as from lower input prices in the form of powdered milk (which makes up over 75% of their milk input and 36% of total cost of goods sold) and the company was proactive in locking in these prices via forward contracts.

One of VOF's newest investments is a private investment in a publicly listed company called Cotecons (CTD), one of the largest construction companies in Vietnam. CTD delivered an unrealised gain of 16.6% during the second half of 2016. As at 31 December 2016, VOF holds USD74.9 million worth of HPG shares and USD24.1 million worth of CTD shares.

The pace of equitisations and public listings quickens

Key Facts about Vietnam's Stock Markets

- The **Ho Chi Minh City Stock Exchange** (HOSE) ended the year with a total market cap of USD65.7 billion and 322 listed companies
- The **Hanoi Stock Exchange** (HNX), which predominantly trades government bonds, ended the year with a total market capitalisation of USD6.7 billion and 376 companies.
- The more popular exchange for 2016 was the **Unlisted Public Company Market** (UPCoM), which ended the year with a total market capitalisation of USD13.4 billion and 423 companies.

In December, VOF enjoyed uplifts in valuations from the listing of three key holdings:

1. Airport Corporation of Vietnam ("ACV") on to the UPCoM;
2. Quang Ngai Sugar ("QNS") on to the UPCoM; and
3. Novaland ("NVL") on the HOSE.

As of 31 December 2016 VOF's mark-to-market values of QNS, ACV and NVL were USD40.5 million, USD44.2 million and USD31.4 million, respectively.

ACV manages all 22 airports in Vietnam, occupying a monopoly position that is only set to grow as tourism and air passenger travel increase in Vietnam. ACV delivered gross revenue and net profit of USD705 million and USD144 million in 2016, respectively, a 21.4% and 88% increase over 2015. ACV expects to grow these figures by 7% and 26% in 2017. As of 31 December 2016, ACV's share price has increased by 194% since its public listing on 21 November 2016.

On QNS, VOF has enjoyed an increase in unrealised gains in excess of 50% since our private investment into this company in early 2015. QNS is the largest soyamilk producer in Vietnam and delivered revenue and profit of USD307 million and USD62.1 million in 2016, respectively. These figures are expected to increase in 2017 by 16% and 21%, respectively. During the second half of 2016, QNS's share price has increased by 18.2%.

As for NVL, the second largest property developer on Vietnam's stock market, VOF enjoyed an uplift of almost 50% when it listed on the HOSE on 28 December 2016. With a current market capitalisation of over USD1.5 billion, NVL currently has over 45 projects in the Ho Chi Minh City area. They have launched 30 projects and have sold over 60% of the units, which they expect to deliver over the next two-to-three years. Revenue and profits can only be recognised when the units are handed over to the buyers and, as such, we expect revenue and profits to increase significantly over the next three years. 2017 revenue and profit are expected to be USD770 million and USD140 million, respectively, which reflects growth of 160% and 90% over 2016.

The strong recent performances from several private investments that were listed again demonstrates the uniqueness of VOF's investment strategy, which allows VOF to take advantage of opportunities that are normally not available to single strategy and/or single asset class funds.

Aside from a strong performance in the capital markets portfolio, VOF exited a top five private equity holding at a realisation well above its previous carrying value.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

INVESTMENT MANAGER'S REPORT (continued)

Private equity continues to be a key source of investment opportunity and performance

In December 2016, VOF completely divested its 37.3% stake in Cau Tre Food Processing JSC ("CT") to CJ CheiJedang Corporation of Korea ("CJ"). VOF received USD12.4 million to enjoy an IRR of 17.0% and a multiple return on invested equity of 2.8x. CT is a major food processing business with most of its revenue derived from the export of frozen dim-sum style food to Japan. CT also sells its products into the Vietnamese market under its own brand. VOF initially acquired 13% of CT in August 2006 through the company's equitisation. In 2013, VOF acquired additional shares in CT from other shareholders with the objective of consolidating VOF's holding so that we could eventually sell a larger and a more meaningful stake to a strategic investor willing to pay a significant premium to the prevailing market price.

In 2016, CJ connected with CT and expressed its desire to acquire our stake. With cooperation from SATRA (the Government shareholder of CT), we negotiated a price equivalent to more than three times the prevailing OTC market price. The premium placed on our stake revolved around not only our strategic cooperation with SATRA but also our ability to transfer three board seats and one controller seat to the buyer.

Given the recent increase in valuations in the HOSE stock market, where the current average PE ratio is about 15.9x, and the excitement about Vietnam (or perhaps less excitement elsewhere in Southeast Asia), it is natural that our investment activities become more prudent as we seek terms reflecting our investment objective for the medium and longer periods of time. With higher valuations, we need to spend more effort educating entrepreneurs and business leaders on the merits of our investment terms and, more importantly, our role in creating value for them in the long term.

At the moment, the pipeline for private equity investment is strong, with opportunities in excess of USD150 million in companies operating in various sectors including healthcare, media and entertainment, infrastructure materials, industrials and logistics, and transportation.

Vietnam's ongoing macroeconomic strength

Vietnam's economy and markets continued to grow in 2016, although not at the same pace as the year before. While GDP growth for 2016 came in at 6.2% (vs. 6.7% in 2015), the country's economy continued to be one of the world's better performers and proved to be resilient despite a harsh drought in the first half of the year and global geopolitical upheaval. On the back of solid gains in 2016, we believe that the pieces are in place for even stronger growth in 2017 – albeit with some new challenges on the horizon, such as tightening monetary policy.

We enter 2017 with our usual level of guarded optimism. The economy continues to head in the right direction, but the challenges that could arise, whether external (natural disasters, geopolitics) and internal (inflation, currency), are likely to continue to test Vietnam's mettle.

The government recently announced their annual economic targets for 2017, with annual GDP growth at around 6.7% while inflation is aimed for under 4% and the VND is expected to remain stable against the USD.

The National Assembly in January 2016 elected a new government, one which to date has been aggressive in pushing economic and market reforms.

Perhaps most notably, the Government jump-started the privatisation/equitisation process. Until recently, there was limited progress on this front, at least in terms of deals that might be interesting to foreign investors. The listings of brewers Habeco (USD0.5billion market capitalization) and Sabeco (USD3.0billion), and the equitisation of other companies (with market capitalisations of over USD200 million) such as VEAM (USD750 million), one of the largest automobile assembly businesses in Vietnam, and Vissan (USD280 million) the largest meat processing company in Vietnam were steps in the right direction. In addition, we saw the state divesting large holdings including Vinamilk (USD500 million for a 5.4% stake), Vietnam Electrical Equipment (USD100 million for a 78% stake), Vinh Son – Song Hinh Hydropower (USD36 million for a 24% stake), and Sowatco (USD25 million for a 66% stake). Furthermore, new regulations requiring companies to list shortly after public offerings and the overall focus on making things happen in the market have been welcomed by investors, although more improvements are necessary, particularly in execution and process.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

INVESTMENT MANAGER'S REPORT (continued)

The impetus for the renewed momentum is clear: capital raising is part of a wider effort to manage state finances as the target is for the current sizeable budget deficit to be smaller by the end of 2017. The government is on record as saying that some of the country's largest enterprises will privatise and list in 2017 – something that observers have heard before. But this government aggressively pushed things forward in 2016, and we have little reason to doubt its commitment to see things through in the year ahead. We are interested to see if the stakes sold in newly privatised state-owned enterprises are larger and at fairer valuations – two factors that have stymied the equitisation process to date. Should these issues be addressed, we believe that more foreign investors will be eager to participate.

One area where President Trump's election has already affected Vietnam is the US withdrawal from the Trans-Pacific Partnership (TPP). Vietnam was widely regarded as the greatest beneficiary of the 12 nations involved in the pact, and some believe that TPP was the impetus behind a fair amount of the foreign direct investment flowing into the country over the past few years.

To be sure, the expected demise of TPP is disappointing, and there will certainly be some ramifications. But all is far from lost. Vietnam is party to sixteen Free Trade Agreements (and in the process of negotiating several more), including those with Korea, the EU, Russia and Asean Economic Community. The government has already indicated that many of the reforms being implemented to comply with TPP will continue regardless. Vietnam is eager to further integrate into the global economy, and is well positioned to negotiate bilateral agreements with other nations.

In addition, stable (and potentially rising) oil prices can lead to higher commodity prices, which can make it difficult for Vietnam to maintain inflation at or below 4% which is the government's official target. Deposit rates are at 7- 7.5% and can easily rise to 8.5% if inflation surpasses 5%. Coupled with a potential devaluation of the local currency, which has thus far held up well relative to other Asian currencies, the cost of VND funding could rise significantly, impacting property and property related businesses as well as consumer confidence.

We remain vigilant regarding these changes and have developed our investment strategy to deliver a minimum projected base case internal rate of return of 15% to overcome potential volatility in FX and interest rates.

In summary, 2017 promises to be another exciting and possibly unpredictable year. We do see the average earnings growth for Vietnam listed equities to be around 10-15% per annum. As indicated earlier, this would not be interesting for VOF's investment strategy. Holding on to any of the listed equities means that we see potential for outperformance in EPS growth against the average as well as PE expansion. The average PE ratio for Vietnam listed equities continues to be at a discount to regional averages of around 15-20%.

We hope that more global investors will recognize Vietnam's potential in 2017 and thus increase demand for Vietnamese listed equities. We see Vietnam as being an attractive place to invest, compared with many other emerging markets. In addition, VinaCapital has continuously demonstrated its ability to move large blocks of listed equity shares to strategic investors at a significant premium to the prevailing market price. And in the past, VOF has enjoyed ample opportunities to divest stakes where valuations and effectively, the PE ratios, were significantly higher than the market prices; we certainly hope to see more of these types of transactions in 2017.

Andy Ho

Managing Director

VinaCapital Investment Management Ltd

24 March 2017

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 2016 to 31 December 2016 (the “six-month period”).

VOF is registered in Guernsey as a non-cellular company with limited liability. The registered office of VOF is PO Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3QL.

Principal activity

The Company’s principal activity is to invest in assets either in Vietnam or in companies with a substantial majority of their assets, operations, revenues or income in, or derived from, Vietnam with a view to achieving medium to long-term returns.

The Company’s investments are managed by VinaCapital Investment Management Limited (the “Investment Manager”).

Investment Policy

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

No single investment may exceed 20% of the net asset value 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 the Investment Manager. Any investment or divestment of funds managed by the Investment Manager will be subject to prior approval by the Board. No more than 10%, in aggregate, of the value of the Company’s total assets may be invested in other listed closed-ended investment funds. The restriction on investment in other listed closed-ended investment funds does not apply to investments in closed-ended investment funds which themselves have published investment policies to invest no more than 15% of their total assets in other listed closed-ended investment funds.

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

The Company may gear its assets through borrowings which may vary substantially over time according to market conditions and any or all of the assets of the Company may be pledged as security for such borrowings. Borrowings are not to exceed 10% of the Company’s total assets at the time that any debt is drawn down.

From time to time the Company may hold cash or low risk instruments such as government bonds or cash funds denominated in either Vietnamese Dong or US Dollars, 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 41 to 46 of the Annual Report and Financial Statements for the year ended 30 June 2016 (the “Annual Report”), a copy of which is available on the Company’s web site www.vof-fund.com The Directors have reviewed the key risks and have confirmed that the list as set out in the Annual Report remains appropriate.

In the Directors’ opinion, there has been some increase in risk as a result of the actions taken by President Trump in withdrawing the United States of America from the Trans Pacific Partnership. This is discussed in the Chairman’s Statement and the Investment Manager’s Report but could have an effect in particular on two key risk areas. The Directors would like to draw shareholders’ attention to the following statements in the Annual Report. While the statements and mitigating actions set out in the Annual Report remain unchanged, in the Directors’ opinion the level of risk has increased:-

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 change to the economy to alter in the future, the interests of the Company could be damaged. The economy could also be affected by any escalation in geopolitical tensions in the region and elsewhere.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

INTERIM REPORT OF THE BOARD OF DIRECTORS (continued)

Principal Risks (continued)

Changing Investor Sentiment

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

The other key risks identified in the Annual Report are, in summary:-

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 Net Asset Value of the Company being misstated.

Investment Management Agreement

The Investment Management Agreement requires the Investment Manager to provide competent, attentive and efficient services to the Company. If the Investment Manager was not able to do this or if the Investment Management Agreement were terminated, there is no assurance that a suitable replacement could be found in Vietnam and, under those circumstances, the Company could 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 any control failures and gaps in these systems and services could result in a loss or damage to the Company.

Legal and Regulatory

Failure to comply with relevant regulation and legislation in Vietnam, Guernsey or the UK may have an impact on the Company.

Life of the Company

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 a special resolution will be proposed every fifth year that the Company ceases to continue. If the resolution is not passed, the Company will continue to operate as presently 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. In July 2013, the Board tabled such a special resolution but it was not passed, allowing the Company to continue as currently constituted for a further five years. The next shareholder vote on the life of the Company will be held in 2018.

Results and dividend

The results of the Company for the six-month period and the state of its financial affairs as at that date are set out in the Condensed Interim Financial Statements on pages 15 to 39.

The Board of Directors does not recommend payment of a dividend for the six-month period (period ended 31 December 2015: Nil).

Performance

The Chairman's Statement and the Investment Manager's Report give 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.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

INTERIM REPORT OF THE BOARD OF DIRECTORS (continued)

Related Parties

Details of the fees paid to the Investment Manager and to the Directors are set out in Note 18 of the Condensed Interim Financial Statements.

Share repurchase programme

Details of the Company's share repurchase programme are contained in Note 10 of the Condensed Interim Financial Statements.

Annual General Meeting

The Company held its Annual General Meeting (AGM) on 21 December 2016. All resolutions set out in the notice of the AGM were carried with a substantial majority.

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	Date of Retirement
Steven Bates	Chairman	5 February 2013	-
Michael Gray	Director	24 June 2009	21 December 2016
Martin Adams	Director	5 February 2013	-
Thuy Bich Dam	Director	7 March 2014	-
Huw Evans	Director	27 May 2016	-

Michael Gray retired as a Director and Chair of the Audit Committee at the conclusion of the Company's Annual General Meeting on 21 December 2016. Huw Evans was appointed Chair of the Audit Committee on Michael Gray's retirement.

Directors' interests in the Company

As at 31 December 2016, none of the Directors had any interests in the ordinary shares, or any other securities of the Company or of its subsidiaries

Going Concern

Under the UK Corporate Governance Code and applicable regulations, the Directors are required to satisfy themselves that it is reasonable to assume that the Company is a going concern. The Directors have undertaken a rigorous review of the Company's ability to continue as a going concern including reviewing the on-going cash flows and level of cash balances as of 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 Unaudited Condensed Interim Financial Statements.

On behalf of the Board

Steven Bates

Chairman

VinaCapital Vietnam Opportunity Fund
24 March 2017

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

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

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

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

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

(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 Unaudited Condensed Interim Financial Statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and

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

Signed on behalf of the board by:

Huw Evans

Director

24 March 2017

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

Our conclusion

We have reviewed the accompanying condensed interim financial statements of VinaCapital Vietnam Opportunity Fund Limited as of 31 December 2016. Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed 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 accompanying condensed interim financial statements comprise:

- the unaudited condensed statement of financial position as of 31 December 2016;
- the unaudited condensed statement of comprehensive income for the six-month period then ended;
- the unaudited condensed statement of changes in equity for the six-month period then ended;
- the unaudited condensed statement of cash flows for the six-month period then ended; and
- the notes, comprising a summary of significant accounting policies and other explanatory information.

The 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.

Our responsibilities and those of the directors

The Directors are responsible for the preparation and presentation of the condensed interim financial statements in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the 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.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity' issued by the International Auditing and Assurance Standards Board. A review of interim financial information consists of making inquiries, 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.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

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

We have read the other information contained in the Interim Report 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 2017

The maintenance and integrity of the Company's website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2016 USD'000 (Unaudited)	30 June 2016 USD'000 (Audited)
ASSETS			
Cash and cash equivalents	6	91,825	1,570
Financial assets at fair value through profit or loss	8	788,408	789,739
Receivables	9	218	5,077
Total assets		880,451	796,386
CURRENT LIABILITIES			
Accrued expenses and other payables	11	11,243	9,850
Total liabilities		11,243	9,850
EQUITY			
Share capital	10	481,018	483,829
Retained earnings		388,190	302,707
Total Shareholders' equity		869,208	786,536
Total liabilities and equity		880,451	796,386
Net asset value, USD per share	16	4.18	3.77
Net asset value, GBP per share		3.38	2.82

The Unaudited Condensed Interim Financial Statements were approved and signed by the Board of Directors on 24 March 2017.

Steven Bates
Chairman

Huw Evans
Director

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital USD'000	Retained earnings USD'000	Total Equity USD'000
Balance at 1 July 2015		512,027	206,637	718,664
Profit for the period		-	5,232	5,232
Total comprehensive income		-	5,232	5,232
Transactions with owners				
Shares repurchased		(13,371)	-	(13,371)
Balance at 31 December 2015		498,656	211,869	710,525
Balance at 1 July 2016		483,829	302,707	786,536
Profit for the period		-	85,483	85,483
Total comprehensive income		-	85,483	85,483
Transactions with owners				
Shares repurchased	10	(2,811)	-	(2,811)
Balance at 31 December 2016		481,018	388,190	869,208

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six months ended	
		31 December 2016	31 December 2015
		USD'000	USD'000
Dividend income	12	23,920	25,733
Net gains/(losses) on financial assets at fair value through profit or loss	13	76,896	(13,628)
General and administration expenses	14	(7,932)	(7,069)
Accrued incentive fee	18	(7,673)	-
Other income		272	196
Operating profit		85,483	5,232
Profit before tax		85,483	5,232
Corporate income tax	15	-	-
Profit for the period		85,483	5,232
Total comprehensive income for the period		85,483	5,232
Earnings per share			
- basic and diluted (USD per share)	16	0.41	0.02
- basic and diluted (GBP per share)		0.32	0.01

All items were derived from continuing activities.

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

	Six months ended		
	Notes	31 December 2016 USD'000	31 December 2015 USD'000
Operating activities			
Income before tax		85,483	5,232
Adjustments for:			
Dividend income		(23,920)	(25,733)
Net (gains)/losses on financial assets at fair value through profit or loss	13	(76,896)	13,628
		(15,333)	(6,873)
Change in receivables		4,859	(6,198)
Change in accrued expenses and other payables		1,393	152
Dividend receipts		23,920	12,362
Net cash inflow/(outflow) from operating activities		14,839	(557)
Investing activities			
Purchases of financial assets at fair value through profit or loss	20	(82,165)	-
Return of Capital from financial assets at fair value through profit or loss	8	160,392	-
Net cash generated from investing activities		78,227	-
Financing activities			
Purchases of shares into treasury	10,12	(2,811)	-
Net cash used in financing activities		(2,811)	-
Net change in cash and cash equivalents for the period		90,255	(557)
Cash and cash equivalents at the beginning of the period	6	1,570	906
Cash and cash equivalents at the end of the period	6	91,825	349

In the period ended 31 December 2015, the share repurchase programme was carried out through a subsidiary of the Company. The Unaudited Condensed Statement of Cash Flows for that period does not include payments made by that subsidiary in respect of share purchases, which are set out below. From 29 April 2016, the share repurchase programme has been carried out by the Company itself.

	Six months ended		
	Notes	31 December 2016 USD'000	31 December 2015 USD'000
Company share repurchases	12	-	13,371
		-	13,371

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

VinaCapital Vietnam Opportunity Fund Limited (the "Company") is a Guernsey domiciled closed-ended investment company. The Company was previously a limited liability company incorporated in the Cayman Islands. After an Extraordinary General Meeting on 27 October 2015, Shareholders approved proposals to change the Company's domicile to Guernsey. This change took place on 22 March 2016. The registered office of the Company is PO Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3QL. 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 is quoted on the London Stock Exchange's Main Market under the ticker symbol VOF.

The Company does not have a fixed life, but the Board considers it desirable that shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, the Board intends that a special resolution will be proposed every fifth year 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 special resolutions in 2008 and in 2013 and on both occasions the resolution was not passed allowing the Company to continue as presently constituted. The next shareholder vote on the continuation of the Company will be held in 2018.

The Unaudited Condensed Interim Financial Statements for the six-month period ended 31 December 2016 were approved for issue by the Board on 24 March 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The Company has prepared these Unaudited 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 Unaudited 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 2016, which were prepared in accordance with International Financial Reporting Standards. The statutory Financial Statements for the year ended 30 June 2016 were approved by the Board of Directors on 27 October 2016. The opinion of the Auditors on those Financial Statements was unqualified and did not contain an emphasis of matter. The accounting policies adopted in these Unaudited Condensed Interim Financial Statements are unchanged since 30 June 2016. These Unaudited Condensed Interim Financial Statements for the period ended 31 December 2016 have been reviewed by the Auditors but not audited.

2.2 Changes in accounting policy and disclosures

These Unaudited Condensed Interim Financial Statements have been prepared in accordance with the accounting policies, methods of computation and presentation adopted in the Audited Financial Statements for the year ended 30 June 2016.

2.3 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 gains or losses arising from a change in the fair value of investments in subsidiaries and associates are recognised in the condensed interim statement of comprehensive income.

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

When preparing the Unaudited 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 2016.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

3.1 Eligibility to qualify as an investment entity

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

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

The Company has the typical characteristics of an investment entity:

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

As a consequence, the Company does not consolidate its subsidiaries and accounts for them at fair value through profit or loss.

3.2 Fair value of subsidiaries and associates and their underlying investments

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. The fair values of real estate and private equity investments are estimated on a rolling basis by a qualified independent professional services firm (the "independent valuer") with each investment being valued at least once each year. The valuations by the independent valuer are prepared using a number of approaches such as adjusted net asset valuations, discounted cash flows, income-related multiples and price-to-book ratio. In cases where the underlying investments of a subsidiary or associate are real estate projects or hotels, the independent valuer determines their fair value based on valuations provided by specialised independent professional appraisers ("specialised appraisers"). These valuations are used by the independent valuer as the primary basis for estimating each subsidiary's or associate's fair value.

For the real estate and private equity investments where the independent valuer last determined the valuations of the relevant subsidiaries as at 30 June 2016, the Investment Manager has reviewed the more recent financial performance of the underlying investments and any other factors and has then estimated the values as at 31 December 2016 under the supervision of the Audit Committee.

The Company has investments in a number of subsidiaries and associates which were established to hold underlying investments. The shares of the subsidiaries and associates are not publicly traded; return of capital to the Company can only be made by divesting the subsidiaries and associates or the underlying investments held by the subsidiaries and associates. As a result, the carrying values of subsidiaries and associates may not be indicative of the value ultimately realised on divestment.

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

As at 31 December 2016 and 30 June 2016, 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 are readily realisable.

The fair value of the investments in subsidiaries and associates is primarily based on their net asset values. The estimated fair values provided by the independent valuer and/or the Investment Manager are used by the Audit Committee as the primary basis for estimating the fair value of real estate and private equity investments for recommendation to the Board. Information about the significant judgements, estimates and assumptions that are used in the valuation of these investments is discussed on the subsequent page.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

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

(a) 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. For 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 three 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.

(b) Valuation of assets that are not traded in an active market

The fair values of assets that are not traded in an active market (for example, private equities and real estate where market prices are not readily available) are determined by using valuation techniques. The independent valuer and/or the Investment Manager uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each reporting date. The valuations may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

(b.1) Valuation of investments in private equities

The Company's underlying investments in private equities are fair valued using discounted cash flow and market comparison methods. 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. The independent valuer and/or the Investment Manager selects appropriate discount rates that reflect the uncertainty of the quantum and timing of the cash flows.

(b.2) Valuation of real estate and hospitality investments

A number of the Company's real estate investments are held in joint ventures with VinaLand Limited ("VinaLand"), another company managed by the Investment Manager. In all cases, VinaLand holds a controlling stake in the joint venture companies and therefore exercises control over the investments. As both companies are managed by the same Investment Manager, each company's investment objectives for each property have generally been the same.

The fair values of underlying real estate properties are based on valuations by specialised appraisers. These valuations are based on certain assumptions which are subject to uncertainty and might result in valuations which differ materially from the actual results of a sale. The estimated fair values provided by the specialised appraisers are used by the independent valuer and/or the Investment Manager 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 section 2.3 above.

In conjunction with making its judgement for the fair value of the Company's underlying real estate and hospitality investments, the independent valuer and/or the Investment Manager considers information from a variety of sources including:

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

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

Uncertain taxes

A number of subsidiaries and associates are established in Vietnam and Singapore and are subject to corporate income tax in those countries. The tax liabilities (which are in some cases uncertain) of these subsidiaries and associates are considered by the independent valuer and/or the Investment Manager based on the tax legislation of each jurisdiction and included in their fair values of financial assets at fair value through profit or loss on the Statement of Financial Position.

4. SEGMENT ANALYSIS

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

Segment information can be analysed as follows:

Statement of Comprehensive Income

	Capital markets* USD'000	Real estate and hospitality USD'000	Private equity USD'000	Total USD'000
Period ended 31 December 2016				
Dividend income	23,920	-	-	23,920
Net gains on financial assets at fair value through profit or loss	41,596	34,464	836	76,896
General and administration expenses (note 14)	(6,395)	(733)	(804)	(7,932)
Accrued incentive fee (note 18)	(7,673)	-	-	(7,673)
Other income	272	-	-	272
Profit before tax	51,720	33,731	32	85,483
Period ended 31 December 2015				
Dividend income	25,733	-	-	25,733
Net (losses)/gains on financial assets at fair value through profit or loss	(17,518)	4,067	(177)	(13,628)
General and administration expenses (note 14)	(4,974)	(1,658)	(437)	(7,069)
Other income	196	-	-	196
Profit/(loss) before tax	3,437	2,409	(614)	5,232

* Capital markets include listed as well as unlisted over-the-counter securities.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

4. SEGMENT ANALYSIS (continued)

Statement of Financial Position

	Capital markets* USD'000	Real estate and hospitality USD'000	Private equity USD'000	Other net assets** USD'000	Total USD'000
As at 31 December 2016					
Cash and cash equivalents	-	-	-	91,825	91,825
Receivables	-	-	-	218	218
Financial assets at fair value through profit or loss	549,389	73,220	77,082	88,717	788,408
Total assets	549,389	73,220	77,082	180,760	880,451
Accrued expenses and other payables	-	-	-	11,243	11,243
Total liabilities	-	-	-	11,243	11,243
Net asset value	549,389	73,220	77,082	169,517	869,208
	Capital markets* USD'000	Real estate and hospitality USD'000	Private equity USD'000	Other net assets** USD'000	Total USD'000
As at 30 June 2016					
Cash and cash equivalents	-	-	-	1,570	1,570
Receivables	-	-	-	5,077	5,077
Financial assets at fair value through profit or loss	482,746	137,268	72,952	96,773	789,739
Total assets	482,746	137,268	72,952	103,420	796,386
Accrued expenses and other payables	-	-	-	9,850	9,850
Total liabilities	-	-	-	9,850	9,850
Net asset value	482,746	137,268	72,952	93,570	786,536

* Capital markets include listed as well as unlisted over-the-counter securities.

** Other net assets of USD88.7 million (30 June 2016: USD96.8 million) comprise cash and cash equivalents and other net assets of the direct subsidiaries at fair value.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

5. INTERESTS IN SUBSIDIARIES AND ASSOCIATES

5.1 Directly-owned subsidiaries

The Company had the following directly-owned subsidiaries as at 31 December 2016 and 30 June 2016:

Subsidiary	Country of incorporation	As at		Nature of the business
		31 December 2016 % of Company interest	30 June 2016 % of Company interest	
Vietnam Investment Property Holding Limited	British Virgin Islands ("BVI")	100.00	100.00	Holding company for listed, unlisted securities and real estate
Vietnam Investment Property Limited	BVI	100.00	100.00	Holding company for listed, and unlisted securities
Vietnam Ventures Limited	BVI	100.00	100.00	Holding company for listed, unlisted securities and real estate
Vietnam Investment Limited	BVI	100.00	100.00	Holding company for listed, unlisted securities and real estate
Asia Value Investment Limited	BVI	100.00	100.00	Holding company for listed, and unlisted securities
Vietnam Master Holding 2 Limited	BVI	100.00	100.00	Holding company for listed securities
VOF Investment Limited	BVI	100.00	100.00	Holding company for listed, unlisted securities, real estate, hospitality and private equity
VOF PE Holding 5 Limited	BVI	100.00	100.00	Holding company for listed securities
Visaka Holdings Limited	BVI	100.00	100.00	Holding company for investments
Portal Global Limited	BVI	100.00	100.00	Holding company for listed securities and unlisted securities
Windstar Resources Limited	BVI	100.00	100.00	Holding company for listed securities
Allright Assets Limited	BVI	100.00	100.00	Holding company for real estate
Vietnam Enterprise Limited	BVI	100.00	100.00	Holding company for listed, unlisted securities and real estate
Vina QSR Limited	BVI	100.00	100.00	Holding company for investments
VOF PE Holding 3 Limited	BVI	100.00	100.00	Holding company for investments
Vinaland Heritage Limited	BVI	100.00	100.00	Holding company for investments
Sharda Holdings Limited	BVI	100.00	100.00	Holding company for investments
Hospira Holdings Limited	BVI	100.00	100.00	Holding company for investments
Navia Holdings Limited	BVI	100.00	100.00	Holding company for investments
Orkay Holdings Limited	BVI	100.00	100.00	Holding company for investments
Halico Investment Holding Limited	BVI	100.00	100.00	Holding company for investments
Clear Interest Group Limited	BVI	100.00	100.00	Holding company for investments
Foremost Worldwide Limited	BVI	100.00	100.00	Holding company for unlisted securities
Rewas Holdings Limited	BVI	100.00	100.00	Holding company for investments
Allwealth Worldwide Limited	BVI	100.00	100.00	Holding company for private equity
Nomino Holdings Limited	BVI	100.00	100.00	Holding company for investments
Vina Sugar Holdings Limited	BVI	100.00	100.00	Holding company for investments
Belfort Worldwide Limited	BVI	100.00	100.00	Holding company for investments
Preston Pacific Limited	BVI	100.00	100.00	Holding company for investments
Vietnam Opportunity Fund II Pte. Ltd.	BVI	100.00	100.00	Holding company for investments
Liva Holdings Ltd	BVI	100.00	100.00	Holding company for investments
Vietnam Master Holding 1 Limited	BVI	100.00	-	Holding company for investments
Allright Assets Limited	Singapore	100.00	100.00	Holding company for real estate
Turnbull Holding Pte. Ltd.	Singapore	100.00	100.00	Holding company for investments
Fraser Investment Pte. Limited	Singapore	100.00	100.00	Holding company for listed securities
SE Asia Master Holding 7 Pte Limited	Singapore	100.00	100.00	Holding company for private equity
VTC Espero Pte Limited	Singapore	100.00	100.00	Holding company for real estate
Hawke Investments Pte Limited	Singapore	100.00	100.00	Holding company for unlisted securities

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

5. INTERESTS IN SUBSIDIARIES AND ASSOCIATES (continued)

5.1 Directly-owned subsidiaries (continued)

There is no legal restriction to the transfer of funds from the 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.

The Company's underlying investments in real estate projects jointly invested with VinaLand have commitments under investment agreements to acquire and develop, or make additional investments in investment properties and leasehold land in Vietnam.

5.2 Indirect interests in subsidiaries

The Company had the following indirect interests in subsidiaries at 31 December 2016 and 30 June 2016:

Indirect subsidiary	Country of incorporation	Nature of the business	Immediate Parent	31 December 2016	30 June 2016
				% of Company's indirect interest	% of Company's indirect interest
Longwoods Worldwide Limited	BVI	Holding company for listed and unlisted investments	Nomino Holdings Limited	100.00	100.00
Victory Holding Investment Limited	BVI	Holding company for listed and unlisted investments	Rewas Holdings Limited	100.00	100.00
DTL Education Holding Ltd	BVI	Holding company for investments	Clear Interest Group Limited	100.00	100.00
Transwell Enterprises Limited	BVI	Holding company for unlisted securities	Orkay Holdings Limited	100.00	100.00
Vietnam Hospitality Ltd	BVI	Holding company for real estate	VOF Investment Limited	100.00	100.00
PA Investment Opportunity II Limited	BVI	Holding company for investments	Vietnam Enterprise Limited	100.00	100.00
Pegasus Leisure Ltd.	BVI	Holding company for investments	Vietnam Investments Limited	100.00	100.00
Howard Holding Pte. Limited	Singapore	Holding company for private equity	Allwealth Worldwide Limited	80.56	80.56
Abbott Holding Pte. Limited	Singapore	Holding company for private equity	Hospira Holdings Limited	100.00	100.00
Whitlam Holding Pte. Limited	Singapore	Holding company for private equity	Navia Holdings Limited	61.26	61.26
Indochina Building Supplies Pte. Ltd	Singapore	Holding company for private equity	VOF Investment Limited	100.00	100.00
Yen Viet Joint Stock Company	Vietnam	Food & Beverage products	SE Asia Master Holding 7 Limited	65.00	65.00
Menzies Holding Pte. Ltd	Singapore	Holding company for investments	Belfort Worldwide Limited	100.00	100.00
Bivi Cooperation	Vietnam	Real estate investment	VOF Investment Limited	100.00	100.00

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

5. INTERESTS IN SUBSIDIARIES AND ASSOCIATES (continued)

5.3 Direct interests in associates

The Company had the following directly-owned associates as at 31 December 2016 and 30 June 2016:

Associate	Country of incorporation	As at		Nature of the business
		31 December 2016	30 June 2016	
		% of Company interest	% of Company interest	
Allwealth Asia Ltd	BVI	35.00	35.00	Holding company for real estate
Sunbird Group Ltd	BVI	25.00	25.00	Holding company for real estate
Perimeter Investment Limited	BVI	25.00	25.00	Holding company for real estate
Daybreak Overseas Limited	BVI	25.00	25.00	Holding company for real estate
Central Lion International	BVI	25.00	25.00	Holding company for real estate
Bantam Investments Limited	BVI	25.00	25.00	Holding company for real estate
Vietnam Property Holdings Limited	BVI	25.00	25.00	Holding company for real estate
Prosper Big Investment Limited	BVI	-	25.00	Holding company for real estate
Avante Global Limited	BVI	25.00	25.00	Holding company for real estate
Pacific Alliance Land Limited	BVI	25.00	25.00	Holding company for real estate
VinaCapital Danang Resorts Limited	BVI	-	25.00	Holding company for real estate
VinaCapital Commercial Center Private Limited	Singapore	12.75	12.75	Holding company for real estate
VinaLand Eastern Limited	Singapore	25.00	25.00	Holding company for real estate
Mega Assets Pte. Limited	Singapore	25.00	25.00	Holding company for real estate
SIH Real Estate Pte. Limited	Singapore	25.00	25.00	Holding company for real estate

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

5. INTERESTS IN SUBSIDIARIES AND ASSOCIATES (continued)

5.4 Indirect interests in associates

The Company had the following indirect interests in associates at 31 December 2016 and 30 June 2016:

Indirect associate	Country of incorporation	Nature of the business	Company's subsidiary holding direct interest in the associate	As at	
				31 December 2016	30 June 2016
				% of Company's indirect interest	% of Company's indirect interest
Phong Phu Investment and Development	Vietnam	Real estate investment	Vietnam Ventures Limited	30.00	30.00
Saigon Golf JSC	Vietnam	Real estate investment	Vietnam Ventures Limited	-	20.00
Avila Co. Ltd.	Vietnam	Real estate investment	Vietnam Investment Property Holdings Limited	16.18	16.18
Vina Dai Phuoc Corporation	Vietnam	Real estate investment	Allright Assets Limited	18.00	18.00
Vinh Thai Urban Development Corporation	Vietnam	Real estate investment	VTC Espero Limited	17.75	17.75
Thang Loi Textile	Vietnam	Real estate investment	VOF Investment Limited	34.00	34.00
Hung Vuong Corporation	Vietnam	Real estate investment	VOF Investment Limited	33.00	33.00

The Company's indirect interests of less than 20% in associates at period/year-end are co-investments with VinaLand. The Company considers these interests as indirect associates because, as part of the co-investment strategy, the Company can exert significant influence on these entities.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

5. INTERESTS IN SUBSIDIARIES AND ASSOCIATES (continued)

5.5 Financial risks

The Company owns a number of subsidiaries and associates for the purpose of holding investments in listed and unlisted securities, debt instruments, private equity and real estate. 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 2016 USD'000	30 June 2016 USD'000
Cash at banks	91,825	1,570

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

The Company's overall cash position including cash held in directly held subsidiaries is USD118.7 million (30 June 2016: USD57.0 million). Please refer to note 8 for details of the cash held by the Company's subsidiaries.

7. FINANCIAL INSTRUMENTS BY CATEGORY

	Loans and receivables USD'000	Financial assets at fair value through profit or loss USD'000	Total USD'000
As at 31 December 2016			
Cash and cash equivalents	91,825	-	91,825
Receivables	218	-	218
Financial assets at fair value through profit or loss	-	788,408	788,408
Total	92,043	788,408	880,451

Financial assets denominated in:

- USD	92,043	788,408	880,451
-------	--------	---------	---------

As at 30 June 2016

Cash and cash equivalents	1,570	-	1,570
Receivables	5,077	-	5,077
Financial assets at fair value through profit or loss	-	789,739	789,739
Total	6,647	789,739	796,386

Financial assets denominated in:

- USD	6,647	789,739	796,386
-------	-------	---------	---------

All financial liabilities are short term in nature and their carrying values approximate their fair values. There are no financial liabilities that must be accounted for at fair value through profit or loss (30 June 2016: nil).

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	31 December 2016	30 June 2016
	USD'000	USD'000
Cash and cash equivalents	33,112	55,430
Ordinary shares – listed	448,705	400,005
Ordinary shares – unlisted and over-the-counter (“OTC”)	100,684	82,741
Private equity	77,082	72,952
Real estate projects and operating assets	73,220	137,268
Other assets, net of liabilities	55,605	41,343
	788,408	789,739

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

	31 December 2016	30 June 2016
	USD'000	USD'000
Consumer goods	241,874	235,142
Construction	136,597	97,961
Financial services	27,473	38,054
Agriculture	20,833	24,681
Energy, minerals and petroleum	31,881	41,531
Pharmaceuticals	9,081	9,023
Real estate projects and operating assets	176,273	219,862
Infrastructure	55,679	26,711

As at 31 December 2016, an underlying holding, Vietnam Dairy Products Joint Stock Company, within financial assets at fair value through profit or loss amounted to 13.9% of the net asset value (“NAV”) of the Company (30 June 2016: 14.7%). There were no other holdings that had a value exceeding 10% of the NAV of the Company as at 31 December 2016 or 30 June 2016.

During the period there has been return of capital from the underlying investments in the subsidiaries/associates arising from the realisation of these assets and the reallocation of available cash to the Company.

When determining the fair values of financial assets at fair value through profit or loss the Company takes into account the potential for warranty or other claims arising on the sale of any investments based on the underlying likelihood of an event arising and the amount that may become payable.

9. RECEIVABLES

	31 December 2016	30 June 2016
	USD'000	USD'000
Receivables from the Investment Manager on management fees rebate	212	380
Cash held in escrow account	-	4,697
Loan	6	-
	218	5,077

Cash held in the escrow account represented a deposit in United Overseas Bank Ltd that was retained from the sale of the Company's underlying investment, Prime Group Joint Stock Company, held through a previously owned Singaporean subsidiary, in 2012. The retention balance served as partial security for the Company's liability arising from the Company's potential Tax Assessment obligations. The escrow account was released to the Company on 31 December 2016.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

10. 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 Companies Law and the price per Share at which shares of each class shall first be offered to subscribers shall be fixed by the Board. The minimum price which may be paid for a share is USD0.01. The Directors will act in the best interest of the Company and the Shareholders when authorising the issue of any shares.

Issued capital

	31 December 2016		30 June 2016	
	Number of shares	USD'000	Number of shares	USD'000
Issued and fully paid at 1 July	211,346,258	491,301	324,610,259	725,310
Cancellation of treasury shares	-	-	(113,264,001)	(234,009)
Issued and fully paid at period/year end	211,346,258	491,301	211,346,258	491,301
Shares held in treasury	(3,585,000)	(10,283)	(2,700,000)	(7,472)
Outstanding shares at period/year end	207,761,258	481,018	208,646,258	483,829

Treasury shares

	31 December 2016		30 June 2016	
	Number of shares	USD'000	Number of shares	USD'000
Opening balance at 1 July	2,700,000	7,472	104,652,647	213,283
Shares repurchased during the period/year (note 12)	885,000	2,811	11,311,354	28,198
Shares cancelled during the period/year	-	-	(113,264,001)	(234,009)
Closing balance at period/year end	3,585,000	10,283	2,700,000	7,472

In October 2011, the Board sought and obtained shareholder approval to implement a share buyback programme.

During the period, no treasury shares (30 June 2016: 113,264,001) were cancelled. The cancellation of treasury shares in the prior year did not result in a change in the Company's NAV per share.

11. ACCRUED EXPENSES AND OTHER PAYABLES

	31 December 2016	30 June 2016
	USD'000	USD'000
Management fees payable to the Investment Manager (note 18)	1,111	993
Incentive fees payable to the Investment Manager (note 18)	7,673	8,241
Payables to other related parties	2,164	304
Other payables	295	312
	11,243	9,850

All accrued expenses and other payables are short-term in nature. Therefore, their carrying values are considered a reasonable approximation of their fair values.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

12. DIVIDEND INCOME

DIVIDEND INCOME

	Six months ended	
	31 December 2016	31 December 2015
	USD'000	USD'000
Dividend income from a subsidiary used to pay for the Company's share repurchases	-	13,371
Dividend income	23,920	12,362
	23,920	25,733

Until 29 April 2016, all share buy backs were carried out under the name of Visaka Holdings Limited, a wholly-owned subsidiary. Since 29 April 2016, all share buy backs have been carried out under the name of the Company. The payments for the share buy backs were made by VOF Investment Limited ("VOFIL"), a wholly-owned subsidiary of the Company until 27 May 2016. All purchases had been fully settled by the Statement of Financial Position dates.

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

	Six months ended	
	31 December 2016	31 December 2015
	USD'000	USD'000
Financial assets at fair value through profit or loss:		
- Gains from the realisation of financial assets, net	74	-
- Unrealised gains/(losses), net	76,822	(13,628)
Total	76,896	(13,628)

14. GENERAL AND ADMINISTRATION EXPENSES

	Six months ended	
	31 December 2016	31 December 2015
	USD'000	USD'000
Management fees (note 18(a))	6,440	5,233
Directors' fees	211	173
Custodian, secretarial and other professional fees	918	721
Others	363	942
	7,932	7,069

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

15. INCOME TAX EXPENSE

The Company was incorporated in the Cayman Islands until 22 March 2016 when it changed its domicile to Guernsey. Under the laws of the Cayman Islands, there are no income, state, corporation, capital gains or other taxes payable by the Company.

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

A number of subsidiaries are established in Vietnam and Singapore and are subject to corporate income tax in those countries. The income tax payable by these subsidiaries is taken into account in determining their fair values in the Statement of Financial Position.

16. EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit/(loss) from operations of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as treasury shares (note 10).

(a) basic

	Six months ended	
	31 December 2016	31 December 2015
Profit for the period (USD'000)	85,483	5,232
Weighted average number of ordinary shares in issue	208,475,850	217,387,194
Basic earnings per share (USD per share)	0.41	0.02

(b) Diluted

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

(c) Net asset value per share

NAV per share is calculated by dividing the net asset value of the Company by the number of outstanding ordinary shares in issue as at the reporting date excluding ordinary shares purchased by the Company and held as treasury shares (note 10). NAV is determined as total assets less total liabilities.

(c) NAV per share

	31 December 2016	30 June 2016
Net asset value (USD'000)	869,208	786,536
Number of outstanding ordinary shares in issue	207,761,258	208,646,258
Net asset value per share (USD per share)	4.18	3.77

17. SEASONALITY

The Board believes that the impact of seasonality on the condensed interim financial information is not material.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

18. RELATED PARTIES

Investment Manager's Fees

(a) Management fees

Under the Second Amended IMA dated 15 October 2014, the Investment Manager receives a fee at an annual rate of 1.5% of the NAV, payable monthly in arrear.

Total management fees for the period amounted to USD6.4 million (31 December 2015: USD5.2 million), of which USD1.1 million (30 June 2016: USD1.0 million) was due to the Investment Manager at the reporting date.

(b) Incentive fees

Under the Second Amended IMA, from 1 July 2013, the incentive fee was changed to be 15% of the increase in NAV per share over a hurdle rate of 8% per annum. A catch up is no longer applied. Furthermore, for the purposes of calculating incentive fees, the Company's net assets are segregated into a Direct Real Estate Portfolio and a Capital Markets Portfolio. A separate incentive fee is calculated for each portfolio so that for any statement of financial position date it will be possible for an incentive fee to become payable in relation to one, both, or neither, portfolio depending upon the performance of each portfolio. However, the maximum incentive fee that can be paid in any given year in respect to a portfolio is 1.5% of the time weighted average NAV of that portfolio over the period to which the fee relates. Any incentive fees earned in excess of the cap may be paid out in subsequent years providing that certain performance targets are met.

On 27 October 2016, the IMA was amended in order to clarify the calculation of incentive fees. The clarification did not result in adjustments of the incentive fees expensed as of and for the period ended 31 December 2016.

Total incentive fees accrued for the period amounted to USD7.7million (31 December 2015: USD Nil). Total incentive fees paid in respect of the fiscal year ending 30 June 2016 amounted to USD 8.2 million.

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 2016 USD	31 December 2015 USD
Steven Bates	95,000	47,500	47,500
Martin Adams	80,000	40,000	40,000
Michael Gray*	90,000	43,151	45,000
Thuy Bich Dam	80,000	40,000	40,000
Huw Evans **	80,000	40,000	-
		210,651	172,500

* Retired 21 December 2016.

** Appointed 27 May 2016.

No Directors' fees were outstanding at the period end (30 June 2016: Nil).

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

18. RELATED PARTIES (continued)

(c) Other balances with related parties

	31 December 2016 USD'000	30 June 2016 USD'000
Receivables from the Investment Manager on management fees rebate	212	380
Payables to the Investment Manager on expenses paid on behalf of the Company	30	205
Certain underlying investments jointly managed by the Investment Manager		
- Vietnam Infrastructure Limited	2,651	2,290
- VinaLand Limited	19,708	21,005
	22,359	23,295

(d) Cost of treasury shares paid for by subsidiaries on behalf of the Company

As disclosed in note 12, the cost of treasury shares purchased was paid by the Company's subsidiary up to 27 May 2016.

19. COMMITMENTS

The Company's indirect real estate associates have a broad range of commitments under investment licences which they have received for real estate projects jointly invested with VinaLand and other agreements they have entered into, to acquire and develop, or make additional investments in investment properties and leasehold land in Vietnam. Further investments in many of these arrangements are at the Company's discretion.

20. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

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

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Company's Audited Financial Statements as at 30 June 2016.

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 provide investors with an attractive level of capital growth.

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

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

20. FINANCIAL RISK MANAGEMENT (continued)

(b) Capital management (continued)

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

	31 December 2016	30 June 2016
	USD'000	USD'000
Net assets attributable to equity shareholders	869,208	786,536

(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 2016 and 30 June 2016.

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

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

	Level 3	Total
	USD'000	USD'000
As at 31 December 2016		
Financial assets at fair value through profit or loss	788,408	788,408
As at 30 June 2016		
Financial assets at fair value through profit or loss	789,739	789,739

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.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

20. FINANCIAL RISK MANAGEMENT (continued)

(c) Fair value estimation (continued)

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 2016				
Cash and cash equivalents	33,112	-	-	33,112
Ordinary shares – listed	448,705	-	-	448,705
– unlisted and OTC	84,768	15,916	-	100,684
Private equity	-	-	77,082	77,082
Real estate projects and operating assets	-	-	73,220	73,220
Other assets, net of liabilities	-	-	55,605	55,605
	566,585	15,916	205,907	788,408
As at 30 June 2016				
Cash and cash equivalents	55,430	-	-	55,430
Ordinary shares – listed	400,005	-	-	400,005
– unlisted and OTC	-	65,704	17,037	82,741
Private equity	-	-	72,952	72,952
Real estate projects and operating assets	-	-	137,268	137,268
Other assets, net of liabilities	-	-	41,343	41,343
	455,435	65,704	268,600	789,739

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include actively traded equities and Government bonds, which have committed prices at the Statement of Financial Position date. The Company does not adjust the quoted price for these instruments.

Financial instruments which trade in markets that are not considered to be active but are valued based on quoted market prices and dealer quotations are classified within Level 2. These include investments in unlisted equities and over-the-counter (“OTC”) equities. As Level 2 investments include positions that are not traded in active markets, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. There are no significant adjustments that may result in a fair value measurement categorised within Level 3.

Private equities, real estate and hospitality investments, 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 such as discount rates, occupancy and room rates, etc., as described in note 3.2.

Following Novaland’s listing on the Ho Chi Minh Stock Exchange in December 2016, the Company’s unlisted investment of USD17.0 million in level 3 at 30 June 2016 has been recategorised as a listed investment in Level 1 in the above hierarchy table at a valuation of USD31.4 million.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

20. FINANCIAL RISK MANAGEMENT (continued)

(c) Fair value estimation (continued)

Quantitative information of significant unobservable inputs and sensitivity analysis to significant change in unobservable inputs within Level 3 hierarchy

The significant unobservable inputs used in fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity as at 31 December 2016 and 30 June 2016 are shown below:

As at 31 December 2016

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

Segment	Valuation technique	Valuation (USD'000)	Discount rate	Cap rate	Terminal growth rate	Selling price per unit (USD)	Sensitivities in selling price per unit (USD'000)	Sensitivities in discount rates and cap rates/ dividend yield (USD'000)	Sensitivities in room rate and occupancy rate(USD'000)
Real estate projects	Direct comparison	31,433	N/A	N/A	N/A	30 - 8,243	Change in sales price per square metre -10% 0% 10% 28,069 31,433 34,797	NA	NA
Real estate projects	Discounted cash flows	41,787	15% -21%	8.5% - 14.5%	N/A	N/A	NA	Change in discount rate -1% 0% 1% 44,653 42,104 39,739 Change in cap rate 0% 44,305 41,787 39,452 1% 44,006 41,506 39,200	NA
Private equity	Discounted cash flows	77,082	15% - 21%	N/A	3% - 5%	N/A	NA	Change in discount rate -1% 0% 1% 81,103 74,525 68,836 Change in cap rate 0% 85,448 77,082 64,674 1% 90,621 82,260 75,228	NA

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

20. FINANCIAL RISK MANAGEMENT (continued)

(c) Fair value estimation (continued)

Quantitative information of significant unobservable inputs and sensitivity analysis to significant change in unobservable inputs within Level 3 hierarchy (continued)

As at 30 June 2016

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

Segment	Valuation technique	Valuation (USD'000)	Discount rate	Cap rate	Terminal growth rate	Selling price per unit (USD)	Sensitivities in selling price per unit (USD'000)	Sensitivities in discount rates and cap rates/ dividend yield (USD'000)	Sensitivities in room rate and occupancy rate(USD'000)							
Real estate projects	Direct comparison	35,578	N/A	N/A	N/A	30 - 8,243	Change in sales price per square metre	N/A	N/A							
							-10% 32,397			0% 35,578	10% 38,671					
Real estate projects	Discounted cash flows	41,333	15% -19%	3% - 14.5%	N/A	N/A	N/A	Change in discount rate			N/A					
									-1%	0%		1%				
								Change in cap rate	-1%	45,620		42,910	40,408			
	0%	43,888	41,333	38,948												
	1%	42,500	40,048	37,778												
Hospitality	Discounted cash flows	60,357	16.00%	11.00%	N/A	N/A	N/A	Change in discount rate			Change in room rate					
									-1%	0%	1%	Change in occupancy rate	-5%	59,827	59,886	
								Change in cap rate	-1%	63,906	60,896		58,110	0%	60,294	60,357
									0%	63,318	60,357		57,615	5%	60,760	60,828
	1%	62,764	59,849	57,149												
Private equity	Discounted cash flows	46151*	17% - 21%	N/A	3% - 5%	N/A	N/A	Change in discount rate			N/A					
									-1%	0%		1%				
								Change in cap rate	-1%	48,026		44,469	41,330			
	0%	50,001	46,151	42,741												
	1%	52,266	48,022	44,349												

*The Company acquired certain investments towards the end of the year. The carrying values of those investments were equivalent to their fair values and therefore excluded from independent valuations and sensitivity analysis.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

20. FINANCIAL RISK MANAGEMENT (continued)

(c) Fair value estimation (continued)

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

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

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

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

	31 December 2016	30 June 2016
	USD'000	USD'000
Opening balance	789,739	717,759
Purchases	82,165	4,382
Return of Capital (note 8)	(160,392)	-
Net gains for the period/year, net (note 13)	76,896	67,598
	788,408	789,739

	Six months ended	
	31 December 2016	31 December 2015
Total unrealised gains/(losses) for the period included in:		
Profit/(loss)	76,822	(13,628)
Total unrealised profit/(loss) for the period	76,822	(13,628)

21. SUBSEQUENT EVENTS

This Interim Report and Unaudited Condensed Interim Financial Statements were approved for issuance by the Board on 24 March 2017. Events subsequent to 31 December have been evaluated and there are no such events requiring disclosure.

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

MANAGEMENT AND ADMINISTRATION

Directors

Steven Bates
Michael Gray (*retired 21 December 2016*)
Martin Adams
Thuy Bich Dam
Huw Evans (*appointed 27 May 2016*)

Registrar

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

Registered Office

PO Box 255
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3QL
Channel Islands

Independent Auditors

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

Investment Manager

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

Administrator and Corporate Secretary

Northern Trust International Fund
Administration Services (Guernsey) Limited
PO Box 255
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3QL
Channel Islands

Corporate Broker

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

Custodian

Standard Chartered Bank (Vietnam) Limited
Unit 1810-1815, Keangnam Hanoi Landmark Tower
Pham Hung Road
Me Tri Ward
Nam Tu Liem District
Hanoi, 1000
Vietnam
Tel: +848 3911 0000

VINACAPITAL VIETNAM OPPORTUNITY FUND LIMITED

MANAGEMENT AND ADMINISTRATION (continued)

Ho Chi Minh City

17th Floor, Sun Wah Tower,
115 Nguyen Hue Blvd., District 1,
Ho Chi Minh City, Vietnam.
Phone: +84-8 3821 9930
Fax: +84-8 3821 9921

Hanoi

5th Floor, Sun City Building,
13 Hai Ba Trung Street,
Hoan Kiem Dist., Hanoi, Vietnam.
Phone: +84-4 3936 4630
Fax: +84-4 3936 4629

Singapore

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