



VIETNAM  
HOLDING

*Hồ  
Hoàn Kiếm*

Interim Report 2018



VIETNAM  
HOLDING

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## Chairman's Statement

### Dear Shareholder

I am pleased to announce the interim results for the six months ended 31 December 2018.

### Continuation Vote, Tender Offer And Move To The London Stock Exchange's Main Market

The last 18 months have been a period of considerable change for VietNam Holding Limited ("VNH" or the "Fund") culminating in a move from AIM to the Premium Segment of the UKLA's Official List and to trading on the Main Market of the London Stock Exchange on 8 March 2019.

In 2018 shareholders voted overwhelmingly for a number of Board proposals including:

- A 15% tender offer. Shareholders who participated in the tender offer received total proceeds of \$2.7215 per share, with the final tender payment made on 28 December 2018;
- Continuation of the Fund for 5 years;
- Increased buyback powers;
- Re-domicile from Cayman to Guernsey and adoption of new Articles of Incorporation on 25 February 2019 and as mentioned above a move from AIM to the Main Market of the London Stock Exchange.

The Board is also pleased to note that during this period Dynam Capital, Ltd ("Dynam") re-domiciled to Guernsey as a Guernsey Financial Services Commission regulated Investment Manager. We believe the fact that VNH's manager is now regulated should increase the pool of potential investors.

### Share Buyback and Discount

As stated in previous reports, the Board continues to believe that while VNH trades at a discount to its NAV per share, repurchasing shares at a discount to NAV for immediate cancellation is an excellent use of the Fund's capital. Such repurchases provide a certain, near immediate and substantial return on the capital used,

accreting value to NAV per share; providing liquidity to shareholders and limits the discount at which VNH's shares trade. At the EGM on 9 July 2018, shareholders approved Board proposals to increase the buyback capacity from 10% to 14.99% of shares outstanding. The buyback authority was subsequently renewed for a further period at the AGM on 31 October 2018. The Board has near-daily contact with the Fund's corporate broker, finnCap, in order to manage the share buyback programme.

Over the six months to 31 December 2018 the mid-price discount to NAV widened slightly from 12.8% to 14.5%. During this period the Fund has repurchased and cancelled 2,653,659 shares. The average weekly volume decreased from 175,000 to 102,000.

The Board expects that the various changes implemented since their appointment in September 2017, in conjunction with a concerted marketing effort, should lead to improved liquidity and visibility, a broader market for the Company's shares and as a consequence, a narrower discount. The Board will pay close attention to the anticipated inclusion of the Fund in the FTSE Index Series and its effect on the discount.

### Performance

The NAV per share decreased by 11.04% to USD2.723 in the last 6 months of 2018 compared to a total return decline of 1.93% in the VN70 Index, in USD terms, and a total return decline of 8.42% in the Vietnam All Share Index ("VNAS"), in USD terms. For the full calendar year 2018 the NAV per share decreased by 12.78% compared to a total return decline of 12.51% in the VN-70 Index, in USD terms, and a total return decline of 12.16% in the VNAS, in USD terms.

Over the six months to 31 December 2018, the share price decreased by 12.73% and the discount widened from 12.8% to 14.5%.

Following the successful continuation vote and completion of the tender offer, Dynam is fully focused on constructing a portfolio of mid cap companies with a developed ESG policy, that will deliver strong returns to shareholders over the long term. Dynam provides a more detailed portfolio and performance analysis in its report. The Board continues to monitor both absolute and relative performance closely.

On behalf of the Board I would like to thank shareholders for their continued support.

**Sean Hurst, Chairman**  
VietNam Holding Limited  
13 March 2019



## Investment Managers' Report

### Macro

Vietnam's macro-economic position at the end of 2018 was healthy. Gross Domestic Product grew by 7.3% year-on-year in the fourth quarter of 2018 which was the highest growth of any ASEAN country. The growth was broad across services sector (37% of GDP), industry and construction (41% of GDP) and agriculture, forestry and fisheries (22% of GDP). For the whole of 2018, the economy expanded 7.1% year-on-year, compared to a 6.8% expansion in 2017<sup>1</sup>.

2018 also saw near record levels of registered Foreign Direct Investment (FDI) at USD 35.5 billion, and disbursed FDI at USD 19.1 billion, the highest in a decade. Part of the increase in FDI is attributed to the trade war between US and China, with manufacturers seeking to diversify their operations in Asia, and also to take advantage of good bilateral and multilateral trade treaties. Recently FDI has been predominantly from North Asia, with South Korea the largest trade and investment partner. Bilateral trade between Vietnam and South Korea is expected to reach USD 100 billion in 2020. Of some concern is the concentration risk around Samsung, which alone accounts for over 20% of Vietnam's manufactured exports, however the export market mix is diverse and the US and Europe are the largest markets (19% and 17% of exports respectively). Vietnam exports an amount equivalent to 100% of GDP, so is increasingly an open trade economy. Although Vietnam is in the top 6 countries contributing to the US goods trade deficit, it is some-way down the target list for Trump, who appears to be focussed on the USD 382 billion deficit with China (Vietnam's is USD 36 billion, below Mexico, Germany, Japan and Ireland), and so there is no new threat imminent (although historically the US has levied anti-dumping duties on Vietnam's seafood exports, ironically in part due to the strong lobby of ethnic Vietnamese living in the US trying to protect the domestic aquaculture industry).

The trade surplus in 2018 was at a record high of USD 6.8 billion, bringing FX reserves to record levels of USD 60 billion, equivalent to 3.6 months of imports. The Vietnam

<sup>1</sup> Source: Trading Economics

Dong's depreciation of 2% during the year, is at the historical trend average, and to be expected when China's Renminbi fell 2.81% against the USD during the same period. Credit growth has been managed by policy during 2018 and ended the year at 14% year-on-year, helping to keep inflation, measured by the CPI, below 4%. Two other drivers of growth are the Tourism industry (arrivals and revenue growing by over 20% per annum to about USD 30 billion) and the USD 16 billion in inward remittances from overseas Vietnamese.

Risks going forward include: weakening global economic conditions and increased uncertainty; any further deterioration in US-China trade, which could have some impact on the Vietnamese Dong, if for example China allows its Renminbi Yuan to depreciate significantly; any negative shocks to Samsung (product quality, consumer preferences) as evidenced in January 2019 when a drop in electronic goods export contributed to a monthly trade deficit. Some risks may be double-edged, such as the potential for Swine Flu (Vietnam is a large producer of pigs for domestic and export to China, the world's largest pig consumption market), and a large importer of Soy beans from Latin America that goes into the animal feed. None of these risks poses any existential threat to the macro picture, however, and Vietnam may enjoy a relatively stable and prosperous year ahead. As a country, hosting the US-N Korea summit, and making preparations for its inclusion in the Formula One Grand Prix circuit in 2020, may attract further positive attention during the course of the year.

### Equity Market

The total equity market capitalization in Vietnam reached a record of USD 173 billion in 2018, contributed by 1,545 listed companies on three bourses<sup>2</sup>. When the Fund was launched in 2006 there were only 179 listed companies and the market capitalization was USD 9 billion. Since 2006 the market cap/GDP % has doubled from 40% to 80%, but remains significantly lower than Malaysia, Thailand and the Philippines.

<sup>2</sup> Source: Bloomberg

Vietnam's stock market performance in 2018 was poor, posting a 20% decline after the heady heights reached in 2017. As a comparison, the MSCI Emerging Market index declined by 16% during 2018. Normally after every correction, pundits and analysts say the market needed a correction, but rarely do they tell you so in advance. Vietnam saw a record net foreign trading of almost USD 2 billion in 2018, but at 1.2% of Market Capitalisation, this is still a relatively small amount, versus around 30% in overall stock market turnover. The Vietnam market is also predominantly a domestic market, and the local investors can become nervous in the face of global macro concerns, particularly with China on its doorstep. For much of the second half of 2018 the market moved sideways, tilted down when foreign funds started to sell off Emerging Markets, almost regardless of geography, and favoured more Developed Market opportunities.

There is also a tendency for the large-cap stocks to dominate in Vietnam, partly as these are the main constituents of the indices, and thus the Exchange Traded Funds, but also as some of these stocks are favoured by domestic momentum investors. The three Vincom related stocks account for 21.3% of the Index, and trade at an average PE of 42.6x. At the time the Fund was launched, Vincom was primarily a small property company with a single twin-tower project in Hanoi worth an estimated USD 100m, and a resort island – VinPearl – off the coast of Nha Trang. The rise of Vingroup, and Mr Vuong, its entrepreneurial key shareholder has been meteoric. The combined market cap of Vingroup's current listed enterprises was USD26.4 billion at the end of 2018.

The size of the market also increased in 2018 when the IPO of several new big companies such as PetroVietnam Power Corporation (POW), PetroVietnam Oil Corporation (OIL), Binh Son Refining and Petrochemical JSC (BSR), Power Generation Corporation 3 (PGV), Techcombank (TCB), and Vinhomes (VHM) took place. Despite that, in the last quarter of 2018, daily liquidity across the three exchanges fell to approximately USD 145 million, which is

sharply down from the start of the year when it was USD 350 million per day.<sup>3</sup>

### Performance of VNH

The VN All Share Index Total Return (VNASTR) lost 7.5% in the 6 months under review to 31st December 2018. By comparison, the Fund's NAV per share decreased by 11.0%. The continuing divergence between this particular benchmark and the Fund's NAV performance is partly explained by the widening performance gap between large-cap stocks that drive the VNASTR and the majority of the mid-cap stocks in the portfolio of VNH. During the review period, the trailing P/E of the VN30 Index contracted from 14.9x on 01 Jul 2018 to 13.3x on 31st December 2018; the trailing P/E of the VN70 Index decreased slightly less from 11.6x to 10.7x. We believe the longer-term value of the mid-cap stocks we select for the portfolio will increase at greater rates than the large caps, but there can be periods of underperformance, such as the period we are reporting on now. We are generally targeting high growth, high ROIC companies. Our portfolio EPS growth was 27.3% in 2018 (up from 21.5% in 2017). We estimate a slightly lower EPS growth of 18% for our stocks in 2019. The price to earnings ratio of our portfolio is 12.3x on 2018 earnings and 10.7x on 2019 forecast earnings, so valuations are reasonable. That said, mid-cap stocks trade at lower levels of liquidity which might account for an implicit liquidity discount (the broader VNAS is on 12.6x 2019 PE).

In the period to 31st December 2018 we underperformed several peers and indices. This is something we want to improve upon during the rest of the year. The detractors in the portfolio were Yeah1 (YEG), Saigon Cargo Service Corporation (SCS), VietCapital Securities (VCI), Thien Long Group (TLG), Military Bank (MBB), HDBank (HDB); the stocks which performed the best were Khang Dien House (KDH), Phu Nhuan Jewellery (PNJ), and FPT Corporation (FPT).

<sup>3</sup> Source: Bloomberg



## Investment Managers' Report

(Continued)

### Performance of VNH (Continued)

Our top holding, PNJ, was punished by investors in 2018 in the aftermath of a scandal involving the husband of the Chairwoman, and in June 2018 the stock fell by almost 40%. We held our nerve and the stock has recovered somewhat, rising by 33% in the 6 months to December 31st 2018. PNJ is a leading Vietnamese jewellery producer and retailer. We first invested in PNJ in December 2009 as a mid-cap company, and since that date the company has delivered a total return of over 20% per annum, compared to a Vietnamese listed equity market of c.7.5% p.a, and is now almost in the large-cap category. PNJ has a 28% market share and a network of 283 stores, which is four times more than its closest competitor, and a wide product range, spanning from low-end to luxury.

Having held the stock for nearly ten years and despite its strong returns, we believe it can deliver further significant growth: PNJ has the potential to become one of the top players in the Asian jewellery industry, having the advantage its distribution network, strong brand and in-house product design. Its core retail business is enjoying double-digit growth. In the near term, we expect PNJ to grow earnings per share by 25% to 30% every year for the next two years. This can be achieved through increased sales, which can be delivered through opening new stores, more unit sales and increasing the proportion of sales to higher value items and also through improving profit margins, by increasing the proportion of sales of higher margin products, typically those made of non-precious metals and stones, which are increasingly popular with Vietnam's younger shoppers.

PNJ started life as a Private Equity backed business, as did Mobile World Group (MWG), our other core retail holding. We like the disciplines that a Private Equity owner brings to a business, in terms of reporting culture and corporate governance, and are always keen to look at becoming partners in a business that has a strong Private Equity owner.

### Strategy and Outlook

This is the first interim report since Dynam Capital, Ltd ('Dynam') took over the management of the Fund's portfolio (on 16th July 2018). As mentioned in last year's Annual Report, when we took over, the Company remains focused on continuing the value-driven mandate of the Fund, even if being a value investor comes at a price at times of underperformance against the index.

The main strategy of the Fund continues – building and holding a diversified portfolio of Vietnamese equities, constructed with robust limits to sectors and individual positions. A significant part of the portfolio is in mid-cap stocks, below USD 1 billion in market capitalisation, often where liquidity is low. The portfolio contains 26 stocks and is concentrated with the top 10 holdings accounting for 71.2% of NAV at 31st December 2018. During 2018, Vinamilk, Power Construction No. 1, and PetroVietnam Transportation ceased to be Top 10 holdings, as we reduced our positions; in their place Mobile World, Military Bank, and Van Phu Investment became Top 10 holdings.

Our on-the-ground team of research analysts and portfolio managers review the portfolio regularly and are always looking for new and interesting companies to invest in if they add complementarity and growth to the portfolio. We have a rigorous selection process and focus particularly on the Environmental and Social Governance (ESG) aspects of the investment. We recognise that many of our portfolio companies may be on a journey towards higher standards of ESG, and we spend a great deal of time meeting with the portfolio companies to understand how seriously they take their own commitments to improved ESG. We think that investments can be made that have a potential for generating strong financial returns and also a positive impact to the wider communities in which they operate. We are a patient investor, and communicating our ideas of investor relations and ESG with the boards and management of our portfolio companies takes time, but we think our patience will be rewarded in the mid-term.

During the period Dynam moved its Domicile from Cayman Islands to Guernsey, where it is now a regulated and licensed Fund Management Company. The Fund has also migrated its own domicile from the Cayman Islands to Guernsey and is now on the premium segment of the UK Listing Authority's Official List and the Fund's shares were admitted to trading on the Main Market of the London Stock Exchange on March 8 2019.

During the period, on 31st October 2018, shareholders voted for a tender pool of 15% of the Fund to be created and to be sold returning the proceeds to shareholders who tendered their shares. The entire pool was exited within two months, during a period of low liquidity and in a down-trending market. Value realised was largely in line with the value of the tender pool at its inception on 1st November, despite the weak market conditions. We are in the process of rebalancing the portfolio following on from the tender process.

We are also pleased that Shareholders voted for a continuation of the Fund until 2023, and we hope to create value for investors during the next five years.

**Dynam Capital, Ltd**

13 March 2019





## Statement of Directors' Responsibilities

### The Directors Confirm That To The Best Of Their Knowledge:

The condensed interim unaudited financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting and the AIM rules

**Sean Hurst**

Director

13 March 2019

**Philip Scales**

Director

13 March 2019

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, and for the preparation and dissemination of financial statements. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



## Independent Review Report

### Conclusion

We have been engaged by VietNam Holding Limited (the "Company") to review the condensed set of financial statements (the "Financial Statements") in the half-yearly financial report for the six months ended 31 December 2018 of the Company which comprises the condensed unaudited statements of financial position, comprehensive income, changes in equity, cash flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2018 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the AIM rules.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the Financial Statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) 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.

### Other Matter

The prior period condensed set of financial statements were not subject to a review by the Company's auditor and hence the comparative information for the period from 1 July 2017 to 31 December 2017 was not reviewed. Our opinion is not modified in respect of this matter.

### Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the the AIM rules.

As disclosed in note 2, the annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the Financial Statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

### Our Responsibility

Our responsibility is to express to the Company a conclusion on the Financial Statements in the half-yearly financial report based on our review.

### The Purpose Of Our Review Work And To Whom We Owe Our Responsibilities

This report is made solely to the Company in accordance with the terms of our engagement letter to assist the Company in meeting the requirements of the AIM rules. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.



### KPMG Channel Islands Limited

Chartered Accountants, Guernsey  
13 March 2019

## Condensed Unaudited Statement of Financial Position

As at 31 December 2018

	Note	Unaudited As at 31.12.18 USD	Audited As at 30.06.18 USD
<b>Assets</b>			
Cash & Cash Equivalents		2,839,744	3,122,618
Investments At Fair Value Through Profit & Loss	3	143,194,622	200,017,349
Accrued Dividends & Interest		129,768	469,406
Receivables On Sale Of Investments		344,626	101,485
Prepaid Expenses		164,164	-
<b>Total Assets</b>		<b>146,672,924</b>	<b>203,710,858</b>
<b>Equity</b>			
Share Capital	4	88,154,576	122,020,264
Retained Earnings		57,858,892	79,964,849
<b>Total Equity, Representing Net Assets Attributable To Shareholders</b>		<b>146,013,468</b>	<b>201,985,113</b>
<b>Liabilities</b>			
Payables On Purchase Of Investments		250,842	403,069
Other Payables		134	134
Accrued Expenses		282,829	1,129,493
Repurchase Of Shares Payable		125,651	193,049
<b>Total Liabilities</b>		<b>659,456</b>	<b>1,725,745</b>
<b>Total Equity &amp; Liabilities</b>		<b>146,672,924</b>	<b>203,710,858</b>

The financial statements on pages 9 to 19 were approved by the Board of Directors on 13 March 2019 and were signed on its behalf by:



**Sean Hurst**

Chairman of the Board of Directors



**Philip Scales**

Chairman of the Audit Committee

The accompanying notes form an integral part of these financial statements

## Condensed Unaudited Statement of Comprehensive Income

	Note	Unaudited 01.07.18 - 31.12.18 USD	Unaudited 01.07.17 - 31.12.17 USD
Dividend Income From Investments At Fair Value Through Profit Or Loss		2,661,425	2,090,635
Net (Loss) / Gain From Investments At Fair Value Through Profit Or Loss	5	(22,298,427)	16,995,701
Net Foreign Exchange Loss		(66,246)	(18,249)
Interest Income		1	3,815
<b>Net Investment (Loss) / Income</b>		<b>(19,703,247)</b>	<b>19,071,902</b>
Investment Management Fees	6	1,376,766	1,801,184
Advisory Fees		411,014	49,000
Administrative & Accounting Fees		55,195	67,198
Custodian Fees		77,810	104,206
Directors' Fees & Expenses	6	195,910	240,000
Brokerage Fees		28,516	78,141
Audit Fees		21,651	20,000
Marketing & Investor Relations Fees		103,133	108,500
Insurance Costs		7,129	7,500
Administrative Expenses		32,909	45,388
Risk Management Expenses		71,290	75,000
Technical Assistance Fee		21,387	22,500
<b>Total Operating Expenses</b>		<b>2,402,710</b>	<b>2,618,617</b>
<b>Change In Net Assets Attributable To Shareholders</b>		<b>(22,105,957)</b>	<b>16,453,285</b>
Basic And Diluted Earnings Per Share		(0.36)	0.23

The accompanying notes form an integral part of these financial statements

## Condensed Unaudited Statement of Changes in Equity

	Share Capital USD	Reserve for own shares USD	Retained earnings USD	Total USD
<b>Balance At 1 July 2017</b>	166,551,875	(24,729,778)	68,713,405	210,535,502
<b>Total Comprehensive Income For The Year</b>				
Change In Net Assets Attributable To Shareholders	-	-	16,453,285	16,453,285
<b>Total Comprehensive Income</b>	<b>166,551,875</b>	<b>(24,729,778)</b>	<b>85,166,690</b>	<b>226,988,787</b>
<b>Contributions And Distributions</b>				
Issuance Of Ordinary Shares	208,861	-	-	208,861
Repurchase Of Own Shares (Note 4)	-	(7,434,452)	-	(7,434,452)
Warrants Issuance Cost	(115,695)	-	-	(115,695)
<b>Total Contributions &amp; Distributions</b>	<b>93,166</b>	<b>(7,434,452)</b>	<b>-</b>	<b>(7,341,286)</b>
<b>Balance At 31 December 2017</b>	<b>166,645,041</b>	<b>(32,164,230)</b>	<b>85,166,690</b>	<b>219,647,501</b>
<b>Balance At 1 July 2018</b>	<b>166,645,041</b>	<b>(44,624,777)</b>	<b>79,964,849</b>	<b>201,985,113</b>
<b>Total Comprehensive Income For The Period</b>				
Change In Net Assets Attributable To Shareholders	-	-	(22,105,957)	(22,105,957)
<b>Total Comprehensive Income</b>	<b>166,645,041</b>	<b>(44,624,777)</b>	<b>57,858,892</b>	<b>179,879,156</b>
<b>Contributions &amp; Distributions</b>				
Repurchase Of Own Shares (Note 4)	-	(33,865,688)	-	(33,865,688)
<b>Total Contributions &amp; Distributions</b>	<b>-</b>	<b>(33,865,688)</b>	<b>-</b>	<b>(33,865,688)</b>
<b>Balance At 31 December 2018</b>	<b>166,645,041</b>	<b>(78,490,465)</b>	<b>57,858,892</b>	<b>146,013,468</b>

The accompanying notes form an integral part of these financial statements

## Condensed Unaudited Statement of Cash Flows

Note	Unaudited 01.07.18 - 31.12.18 USD	Unaudited 01.07.17 - 31.12.17 USD
<b>Cash Flows From Operating Activities</b>		
	(22,105,957)	16,453,285
<b>Change In Net Assets Attributable To Shareholders</b>		
<b>Adjustments To Reconcile Change In Net Assets Attributable To Shareholders To Net Cash From Operating Activities:</b>		
Interest Income	(1)	(3,815)
Dividend Income	(2,661,425)	(2,090,635)
Net Gain From Investments At Fair Value Through Profit Or Loss	22,298,427	(16,995,701)
Purchase Of Investments	(17,553,568)	(64,541,846)
Proceeds From Sale Of Investments	51,925,641	78,673,563
Net Foreign Exchange Loss	66,246	18,249
(Increase) In Receivables On Sale Of Investments	(243,141)	(4,691,787)
(Increase) In Prepaid Expenses	(164,164)	(7,500)
(Decrease) In Accrued Expenses	(846,664)	(2,395,661)
(Decrease) In Other Payables	-	(3)
(Decrease) / Increase In Repurchases Of Shares Payable	(67,398)	9,019
Dividends Received	3,001,063	1,824,793
Interest Received	1	5,172
<b>Net Cash From Operating Activities</b>	<b>33,649,060</b>	<b>6,257,133</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds From Issue Of Shares	-	208,861
Repurchase Of Own Shares	4 (33,865,688)	(7,434,452)
Warrants Issuance Cost	-	(115,695)
<b>Net Cash (Used In) Financing Activities</b>	<b>(33,865,688)</b>	<b>(7,341,286)</b>
<b>Net Decrease In Cash And Cash Equivalents</b>		
	(216,628)	(1,084,153)
Cash And Cash Equivalents At Beginning Of The Period	3,122,618	10,323,903
Effect Of Exchange Rate Fluctuations On Cash Held	(66,246)	(18,249)
<b>Cash And Cash Equivalents At End Of The Period</b>	<b>2,839,744</b>	<b>9,221,501</b>

The accompanying notes form an integral part of these financial statements

## Notes to the Financial Statements

### 1 THE COMPANY

VietNam Holding Limited (“VNH” or “the Company”) is a closed-end investment holding company incorporated on 20 April 2006 as an exempt company under the Companies Law in the Cayman Islands and commenced its operations on 15 June 2006, to invest principally in securities of former State-owned Entities (“SOEs”) in Vietnam, prior to, at or after the time such securities become listed on the Vietnam stock exchange, including the initial privatisation of the SOEs. The Company may also invest in the securities of private companies in Vietnam, whether Vietnamese or foreign owned, and the securities of foreign companies if a significant portion of their assets are held or operations are in Vietnam. The Company re-registered as a Guernsey company on 25 February 2019.

On 8 March 2019 the Company’s Ordinary Shares were cancelled from trading on AIM and admitted to the Premium segment of the Official List and trading on the Main Market. On the same date the Company’s shares were admitted to trading on the Official List of The International Stock Exchange (“TISE”).

The investment objective of the Company is to achieve long-term capital appreciation by investing in a diversified portfolio of companies that have high growth potential at an attractive valuation.

During the Extraordinary General Meeting held on 31 October 2018 the shareholders voted in favour of the continuance resolution, authorising the Company to operate in its current form through to the 2023 Annual General Meeting when a similar resolution will be put forward for shareholders’ approval.

Dynam Capital, Ltd (“Dynam”) has been appointed as the Company’s Investment Manager and is responsible for the day-to-day management of the Company’s investment portfolio in accordance with the Company’s investment policies, objectives and restrictions.

Standard Chartered Bank, Singapore Branch and Standard Chartered Bank (Vietnam) Limited are the custodian and the sub-custodian respectively. Standard Chartered Bank, Singapore Branch is also the administrator.

The registered office of the Company is Elizabeth House Les Ruettes Brayes, St Peter Port, Guernsey, GY1 1EW

### 2 PRINCIPAL ACCOUNTING POLICIES

#### (a) Statement of Compliance

The condensed interim financial statements (the “financial statements”) have been prepared in accordance with IAS 34 Interim Financial Reporting, the Disclosure Guidance Transparency Rules of the UK’s Financial Conduct Authority and the AIM Rules.

The financial statements do not include all of the information required for full financial statements and should be read in conjunction with the Company’s audited financial statements for the year ended 30 June 2018, which were prepared in accordance with International Financial Reporting Standards as adopted by the EU (“IFRS”). The accounting policies used by the Company are the same as those applied by the Company in its annual financial statements as at and for the year ended 30 June 2018.

The Company adopts the IFRS9 accounting standards on 01 January 2018. IFRS 9 replaces most of the

existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. The standard improves and simplifies the approach for classification and measurement of financial assets compared with requirement of IAS 39. The standard applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39.

**(b) Basis of Preparation**

The financial statements are presented in United States dollars (“USD”), which is the Company’s functional currency. They are prepared on a fair value basis for financial assets and financial liabilities at fair value through profit or loss. Other assets and liabilities are stated at amortised cost.

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimated and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company’s other components. The Company is engaged in a single segment of business, being investment in Vietnam. The Board, as a whole, has been determined as constituting the chief operating decision maker of the Company. The key measure of performance used by the Board to assess the Company’s performance and to allocate resources is the total return on the Company’s net asset value (“NAV”) calculated as per the prospectus.

**3 OPERATING SEGMENTS**

Information on gains and losses derived from investments are disclosed in the condensed unaudited statement of comprehensive income.

The Company is domiciled in Guernsey. Entity wide disclosures are provided as the Company is engaged in a single segment of business, investing in Vietnam. In presenting information on the basis of geographical segments, segment investments and the corresponding segment net investment income arising thereon are determined based on the country of domicile of the respective investment entities.

All of the Company’s investments at fair value through profit and loss are in Vietnam as at 31 December 2018 and 30 June 2018. All of the Company’s investment income can be attributed to Vietnam for the period ended 31 December 2018 and 2017.



## Notes to the Financial Statements

### 4 SHARE CAPITAL

#### Ordinary Shares Of USD 1.00 Each

The ordinary shares have been created pursuant to the Companies Law in the Cayman Islands. The Company was incorporated with an authorised share capital of USD 100,000,000 divided into 100,000,000 ordinary shares of USD 1.00 each. On 23 September 2010, during its Annual General Meeting, the shareholders approved that the Company's authorised share capital be increased by USD 100,000,000, divided into 200,000,000 shares of a nominal or par value of USD 1.00 each. According to the Cayman Companies Law and articles of association, the Company may from time to time redeem all or any portion of the shares held by the shareholders upon giving notice of not less than 30 calendar days to the shareholders.

On 6 June 2006, the Board resolved that 56,250,000 ordinary shares would be allotted at a placing price of USD 2.00 per ordinary share.

On 23 September 2010, during its annual general meeting, the shareholder approved a Share Repurchase Programme. The approvals were renewed at each of the Company's subsequent annual general meetings.

	31.12.18 <b>No. Of Shares</b>	30.06.18 <b>No. Of Shares</b>
Total Shares Issued & Fully Paid (After Repurchases & Cancellations) At Beginning Of The Period	65,988,673	82,729,439
Shares Issued Upon Exercise Of Warrants During The Period	-	-
Shares Cancellation	-	(16,740,766)
	<b>65,988,673</b>	<b>65,988,673</b>
Repurchased & Reserved For Own Shares At Beginning Of The Period	-	(9,427,772)
During The Period	(12,365,323)	(7,401,893)
Shares Reissued To Ordinary Shares	-	88,899
Shares Cancellation	-	16,740,766
	<b>(12,365,673)</b>	-
<b>Total Outstanding Ordinary Shares With Voting Rights</b>	<b>53,623,350</b>	<b>65,988,673</b>

As a result, as at 31 December 2018 the Company has 53,623,350 (30 June 2018: 65,988,673) ordinary shares with voting rights in issue (excluding the reserve for own shares), and 12,365,673 (30 June 2018: nil) are held as reserve for own shares.

The Company does not have any externally imposed capital requirements.

The Company's general intention is to reinvest the capital received on the sale of investments. However, the Board may from time to time and at its discretion, either use the proceeds of sales of investments to meet the Company's expenses or distribute them to shareholders. Alternatively, the Company may repurchase its own ordinary shares with such proceeds for shareholders pro rata to their shareholding upon giving notice of not less than 30 calendar days to shareholders (subject always to applicable law) or repurchase ordinary shares at a price not exceeding the last published net asset value per share.

## 5 NET GAIN FROM INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	6 Months To 31.12.18 USD	6 Months To 31.12.17 USD
Net Gain From Investments At Fair Value Through Profit Or Loss:		
Realised Gain	601,036	28,397,453
Movement In Fair Value Of Investments At Fair Value Through Profit Or Loss	(22,899,463)	(11,401,752)
	<b>(22,298,427)</b>	<b>16,995,701</b>

## 6 RELATED PARTY TRANSACTIONS

### Investment Management Fees

The Company entered into a new investment management agreement with Dynam Capital, Ltd on 26 June 2018. Pursuant to the agreement the Investment Manager is entitled to receive a monthly management fee, paid in the manner set out as below:

- On the amount of the Net Asset Value of the Company up to and including USD 300 million, one-twelfth of 1.5 per cent.;
- On the amount of the Net Asset Value of the Company above USD 300 million up to and including USD 600 million, one-twelfth of 1.25 per cent.; and
- On the amount of the Net Asset Value of the Company that exceeds USD 600 million, one-twelfth of 1 per cent.

The management fee accruing to the Investment Manager for the six month period to 31 December 2018 was USD 1,376,766 (2017: USD 1,801,184).

## Notes to the Financial Statements

### 6 RELATED PARTY TRANSACTIONS (Continued)

#### Incentive Fees

Under an investment management agreement dated 26 June 2018, the Company shall pay an incentive fee of 12% of the excess performance in each financial year of the Company over an 8% compound hurdle, starting with the high water mark as of 30 June 2018 (or, if higher, the high water mark under the Company's investment management agreement with VNHAM), capped at 3% of NAV in any financial year. The incentive fee is payable 50% in cash and 50% in shares issued at the higher of NAV or closing mid-market price at the financial year end. Half of those shares will be locked up for 12 months, and the remainder will be locked up for 24 months.

	6 month period to 31.12.18 USD	6 month period to 31.12.17 USD
Performance Fee	-	-

#### Directors' Fees And Expenses

The Board determines the fees payable to each Director, subject to a maximum aggregate amount of USD 350,000 per annum being paid to the Board as a whole. The Company also pays reasonable expenses incurred by the Directors in the conduct of the Company's business including travel and other expenses. The Company pays for directors and officers liability insurance coverage.

The charges for the six month period for the Directors fees were USD 228,128 (2017: USD 240,000) and expenses were USD 92,782 (2017: USD 62,747). On September 2018, the Company has reached a settlement with the previous Board over bonus payments. The previous Board agreed and has repaid USD 125,000, an amount in excess of the final bonus paid to the former chairperson at the time of the 2017 AGM.

#### Directors' Ownership Of Shares And Warrants

As at 31 December 2018, none of the Directors held ordinary shares of the Company (2017: none). Mr. Funaki is a Director of Discover Investment Company which holds 2,730,133 ordinary shares in VNH representing 5.1% of the issued share capital.

### 7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

For certain of the Company's financial instruments not carried at fair value, such as cash and cash equivalents, accrued dividends, other receivables, receivables/payable upon sales/purchase of investments and accrued expenses, the amounts approximate fair value due to the immediate or short term nature of these financial instruments.

Other financial instruments are measured at fair value through profit or loss. These investments are recognised on the trade date of their acquisition at which the Company becomes a party to the contractual provisions of the instrument. The best evidence of the fair value of the financial assets is the transaction price. Transaction costs that are directly attributable to the acquisition or issue of the financial assets are charged to profit or loss. Investments designated as fair value through profit or loss are measured at fair value with changes in their fair value recognised in the profit or loss and determined by reference to:

(i) Investments quoted or dealt on recognised stock exchanges in an active market are valued by reference to their market bid prices;

(ii) Investments other than those in i) above which are dealt on a trading facility in an active market are valued by reference to broker bid price quotations, if available, for those investments;

(iii) Investments in underlying funds, which are not quoted or dealt on a recognised stock exchange or other trading facility or in an active market, are valued at the net asset values provided by such entities or their administrators. These values may be unaudited or may themselves be estimates and may not be produced in a timely manner. If such information is not provided, or is insufficiently timely, the Investment Manager uses appropriate valuation techniques to estimate the value of investments.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

- **Level 1:** Inputs that are quoted market prices (unadjusted) in active markets for identical instruments. This level includes listed equity securities on exchanges (for example, Ho Chi Minh Stock Exchange).
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This level includes instruments valued using: quoted prices for identical or similar instruments in markets that are considered less than active; quoted market prices in active markets for similar instruments; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- **Level 3:** Inputs that are not based on observable market data (i.e. unobservable inputs). This level includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position. All fair value measurements below are recurring.

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<b>As At 31.12.18</b>				
<b>Financial Assets Classified At Fair Value Upon Initial Recognition</b>				
Investments In Securities	126,524,698	16,669,924	-	143,194,622
<b>As At 30.06.18</b>				
<b>Financial Assets Classified At Fair Value Upon Initial Recognition</b>				
Investments In Securities	188,095,761	11,921,588	-	200,017,349

## Notes to the Financial Statements

### 7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Assessing whether an input is significant requires judgement including consideration of factors specific to the asset or liability. Moreover, if a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that fair value measurement is a Level 3 measurement.

During the current period, due to changes in volume of trading, investments with a carrying amount of USD 8,954,549 were transferred from Level 1 to Level 2 of the fair value hierarchy, and investments with a carrying amount of USD 2,120,411 were transferred from Level 2 to Level 1 of the fair value hierarchy.

### 8 BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic and diluted earnings per share at 31 December 2018 was based on the change in net assets attributable to ordinary shareholders of USD (22,105,957) (2017: USD 16,453,285) and the weighted average number of shares outstanding of 61,518,414 (2017: 72,071,779).

### 9 SUBSEQUENT EVENTS

The Company changed its domicile of incorporation from Cayman Islands to Guernsey in February 2019. The Company is now a non-cellular company limited by shares registered in Guernsey under the Companies (Guernsey) Law, 2008.

The Company's ordinary shares were admitted to the premium listing segment of the official list of the UK Listing Authority ("Official List") and to trading on the main market of the London Stock Exchange ("Main Market") and to listing and trading on the official list of the International Stock Exchange ("TISE") on 8 March 2019.



## Directors' Profiles

### **Sean Hurst**

**(Chairman, Chairman of Buyback Committee)**

Was co-founder, Director and CIO of Albion Asset Management, a French regulated asset management company, from 2005-2009. He is an experienced multi-jurisdictional Director including roles at London/ AIM-listed funds and numerous offshore and UCITS funds. In addition to advising companies on launching both offshore and onshore investment funds he is currently Non-Executive Chairman of JPEL Private Equity Ltd and Non-Executive Director at CIAM Opportunities Fund and Satellite Event-Driven UCITS Fund. Mr Hurst was formerly a Non-Executive Director of AIM-listed ARC Capital Holdings Ltd. He holds an MBA in Finance from CASS Business School in London and is a resident of France.

### **Philip Scales**

**(Chairman of Audit Committee)**

Has over 40 years' experience working in offshore corporate, trust, and third party administration. For 18 years, he was Managing Director of Barings Isle of Man (subsequently to become Northern Trust) where he specialised in establishing offshore fund structures, latterly in the closed-ended arena (both listed and unlisted entities). Mr. Scales subsequently co-founded IOMA Fund and Investment Management Limited (now named FIM Capital Limited) where he is a Deputy Chairman. He is a Fellow of the Institute of Chartered Secretaries and Administrators and holds a number of directorships of listed companies and collective investment schemes. He is an Isle of Man resident.

### **Hiroshi Funaki**

**(Chairman of the Management Committee)**

Has been actively involved in raising, researching and trading Vietnam funds for 23 years. He worked at Edmond de Rothschild Securities from 2000 to 2015 where he led the Investment Companies team, focusing on Emerging Markets and Alternative Assets. Prior to that he was Head of Research at Robert Fleming Securities, also specialising in closed-end funds. He currently acts as a consultant to a number of emerging market investors. He has a BA in Mathematics and Philosophy from Oxford University and is a UK resident.

### **Damien Pierron**

**(Chairman of the Remuneration Committee)**

Is currently Managing Director at Société Generale in Dubai, where he is heading the coverage for Family Offices and Wealthy Families in Middle East and Russia. He has fifteen years' experience in M&A, private equity, equity derivatives, wealth management and investment banking gained at, among others, Lafarge Holcim, OC&C Strategy Consultants and Natixis. Mr. Pierron is a CFA charterholder and holds a Degree in Mathematics, Physics and Economy from Ecole Polytechnique in Paris and a Masters Degree in Quantitative Innovation from Ecole Nationale Supérieure des Mines de Paris. He is a Dubai resident.



## Key Parties

### Directors

Mr. Hiroshi Funaki  
Mr. Sean Hurst  
Mr. Damien Pierron  
Mr. Philip Scales

### Investment Manager

VietNam Holding Asset Management Limited  
(until 15 July 2018)  
c/o Collas Crill Corporate Services Limited  
Floor 2, Willow House  
Cricket Square  
PO Box 709  
George Town, Grand Cayman  
Cayman Islands, KY1-1107

### Dynam Capital, Ltd

(from 16 July 2018)  
1st & 2nd Floors, Elizabeth House  
Les Ruettes Brayes,  
St Peter Port,  
Guernsey,  
GY1 1EW

### Nominated Advisor (AIM)

finnCap Ltd  
60 New Broad Street  
London EC2M 1JJ  
United Kingdom

### Corporate Broker (AIM)

finnCap Ltd  
60 New Broad Street  
London EC2M 1JJ  
United Kingdom

### Administrator, Custodian & Trustee

Standard Chartered Bank  
7 Changi Business Park Crescent  
Level 3, Securities Services  
Singapore 486028

### Registrar

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

### UK Legal Adviser

Stephen Harwood LLP  
1 Finsbury Circus  
London EC2M 7SH  
United Kingdom

### Independent Auditor

KPMG Channel Islands Limited  
Glategny Court  
Glategny Esplanade  
St Peter Port  
Guernsey GY1 1WR

### Administrator & Company Secretary

Carey Commercial Limited  
Elizabeth House  
Les Ruettes Brayes  
Guernsey, GY1 1EW

