

Quoted Companies Alliance: New QCA Corporate Governance Code

Corporate Governance Statement

The new Quoted Companies Alliance Corporate Governance Code (the “**QCA Code**”) is clear that it is the responsibility of the Chairman to ensure the Company applies the QCA Code for the benefit of its stakeholders. The revised QCA Code is constructed around 10 broad principles, accompanied by an explanation of what those principles entail together with a set of disclosure requirements.

We have chosen to follow the QCA Code and set out below how we seek to comply with each of the QCA’s 10 principles.

The Company is an established Investment vehicle with a strong performance history, which has been through a period of some change with further change to occur in 2018, and is seeking to build upon an already strong governance culture.

Through our review of compliance with the QCA Code we have identified some areas where we are not in full compliance with the guidelines of the QCA Code, although these exceptions are limited and this is explained in detail under the relevant principle why we have departed from the guidelines in these areas.

Past and future changes to the Company will only enhance the governance culture of the Company ensuring that the Company can provide stakeholders with access to the information they need and to have the confidence that the Board views high levels of corporate governance compliance as essential to the future of the Company.

Sean Hurst
Non-Executive Chairman

Date: 25 September 2018

Principle 1 – Establish a strategy and business model which promote long-term value for shareholders.

The Company's investment objective is to achieve long-term capital appreciation by investing in a diversified portfolio of companies that have high growth potential at an attractive valuation. This is principally achieved by investing in the securities of public companies in Vietnam, and in the securities of foreign companies if a majority of their assets and/or operations are based in Vietnam. The Company may also invest in equity securities or securities that have equity features, such as bonds that are convertible into equity.

An independent Investment Manager, Dynam Capital Limited ("Dynam") has been appointed to manage the portfolio in accordance with the Investing Policy and internal guidelines set by the Board. The investment team at Dynam, who are based in Ho Chi Minh City, have extensive experience in the Vietnamese market and their principals also sit on the Investment Committee of VietNam Holding Limited.

A key component of the Company's strategy is a strong Environmental, Social and Governance policy ("ESG") which is monitored closely by both the board of the Company and Dynam.

Further details are on both the Company and Dynam websites:

<http://www.dynamcapital.com>

<http://www.vietnamholding.com>

Principle 2 – Seek to understand and meet shareholder needs and expectations.

The Company is committed to listening and communicating openly with its shareholders to ensure that its strategy, business model and performance are clearly understood. Since the appointment of FinnCap the Company has put in place a program of regular interaction and communication with all major shareholders. All Board members have responsibility for shareholder liaison but shareholder contact is mainly dealt with by the Chairman of the Company and Chairman of the Management Committee in close liaison with the Company Advisors.

Copies of the annual and interim reports are sent to all shareholders and copies can be downloaded from the website. Other Company information is also available on the website.

In addition, the Company holds an AGM in each year, which gives investors the opportunity to enter into dialogue with the Board and for the Board to receive feedback and take action as necessary. The Investment Manager also holds an annual conference in Ho Chi Minh which current and prospective investors are invited to attend.

The Board reviews proxy voting reports and any significant negative response is discussed with relevant shareholders and, if necessary, where appropriate or possible, action is taken to resolve any issues. In the interest of transparency and best practice, the level of proxy votes (for, against and vote withheld) lodged on each resolution is declared at all general meetings and in future will be announced

Principle 3 – Take into account wider stakeholder and social responsibilities and their implications for long-term success.

The Company's investment policy is closely aligned with the UN Principles for Responsible Investing (PRI). Investment decisions are made by combining sound financial analysis with an evaluation of material ESG issues. ESG factors are also an integral part of the portfolio management process. This active engagement aims to improve investee companies' ESG performance measured by key performance indicators. The investment decision process gives equal weight to rigorous financial analysis and interactive sustainability research. The Company believes that this approach helps to reduce portfolio volatility and broadens sound risk management with the objective to deliver superior long-term profits to investors.

The Company's stakeholders include shareholders, members of staff of its professional advisers, suppliers, auditors, bankers, regulators, industry Bodies and the surrounding communities of where its investments are located.

The Board is regularly updated on wider stakeholder views and issues concerning the Portfolio both formally at Board meetings and informally through conversations. Representatives involved with the portfolios are invited to join Board meetings and provide a report to the Board. Engagement in this manner enables the Board to receive feedback and equips them to make decisions affecting the business.

Principle 4 – Embed effective risk management, considering both opportunities and threats, throughout the organisation.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. Risk management is carried out by the Board who identify and evaluate financial risks in close co-operation with the Investment Manager. Details of risk factors are contained in the Annual Report and Accounts.

The Board has established a risk register which is tailored to the Company's business. This is a live document which will be maintained on an on-going basis.

Principle 5 – Maintain the board as a well-functioning, balanced team led by the chair.

The Board has five members, all of whom are independent non-executive and all of whom were appointed in September/October 2017 following the retirement of the previous board in September 2017.

The board is supported by four committees - audit, investment, management and remuneration committees. All board members are currently members of all committees – the Company is going through a period of considerable change following the changes in September/October 2017 and further changes are planned in 2018.

The Board has also very recently appointed an additional Administrator based in Guernsey to provide corporate governance, secretarial and compliance services to the Company. Until June 2018 these back up services were provided by the former Investment Manager.

Each director is required to allocate sufficient time to meet the requirements of their role including attendance at all Board meetings, the Annual General Meeting and committees of which they are a member.

As a minimum the Board aims to hold 4 meetings each year with further ad hoc meetings held as required. Given the level of corporate activity, as at 19 September 2018, 8 board meetings had been held in 2018 with all directors attending each meeting.

Going forward the Company intends to report annually on the number of Board and Committee meetings held during the year and the attendance record of individual Directors.

Principle 6 – Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities.

The Board members have a range of skills covering investment management, legal, banking, compliance and corporate governance as well as prior experience of acting as directors of companies listed on AIM. A profile of each board member is included in the Interim and Annual Financial Statements as well as on the website.

The Company's Nomad and lawyers are consulted on any matters where the external expertise is required, and external advisers attend board meetings as invited by the Chairman to report and/or discuss specific matters relevant to the Company.

Principle 7 – Evaluate board performance based on clear and relevant objectives, seeking continuous improvement.

A summary of each Directors experience and skill set is outlined on the website. The Directors are also identified and their roles and responsibilities are highlighted in the Report and Accounts.

The Board intends to undertake performance evaluations by the end of 2018 (one year after their appointments). The issue of succession planning will also be considered.

Board appointments are made after consultation with advisers and with major shareholders in some cases. Detailed due diligence is carried out on all new potential board candidates.

The Board will consider using external advisers to review and evaluate the effectiveness of the Board in future to supplement its own internal evaluation processes.

Principle 8 – Promote a corporate culture that is based on ethical values and behaviours.

The Board recognises that their decisions regarding strategy and risk impacts the corporate culture of the Company as a whole and therefore will impact performance. The Board is also

mindful that the tone and culture it sets will impact many aspects of the Company and the way that stakeholders behave and form views.

The Company's main stakeholders are its shareholders, third party service providers and the employees of its professional advisers and service providers. The Board welcomes the views of all stakeholders, and in particular its shareholders who can contact the Directors by email / telephone.

On their appointments in 2017, the Board along with its advisers instigated a detailed review of all aspects of the Company's operations. As a result of the review, a number of actions have been implemented as detailed in RNS announcements made and reports contained in the 2017 Interim Financial Statements.

The corporate governance arrangements that the Board have now adopted are designed to ensure that the Company delivers value to its shareholders in line with its investment objective.

The Company has adopted, a share dealing code for directors' dealings in securities of the Company which is in accordance with the requirements of the Market Abuse Regulation.

As described earlier, the Company also maintains an active ESG policy further details of which are available from the website.

<http://www.vietnamholding.com/sustainability/policy>

Principle 9 – Maintain governance structures and processes that are fit for purpose and support good decision-making by the board.

The Directors are responsible for reviewing and approving the following:

- Strategy and management
- Policies and procedures
- Financial reporting and controls
- Capital structure
- Contracts
- Shareholder documents / Press announcements
- Adherence to Corporate Governance and best practice procedures

In monitoring these key topics, the Board will be developing its Committee structure as well as the interaction with the new Administrator appointed as detailed above.

Principle 10 – Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The Directors' Report contained in the last annual Report and Accounts includes details of the work of the Committees.

For the financial year ended 30 June 2019, the Board intends to include separate reports from each committee.

Notices of previous shareholder meetings are available from the website and going forward, the Board intends to include the results of votes cast at general meetings in RNS announcements.

<http://www.vietnamholding.com/investor-relations/shareholder-circular>

The Company will continue to communicate with shareholders through:

- the Annual Report and Accounts and Interims;
- the Annual General Meeting;
- the daily announcement of the estimated NAV;
- the monthly investor report;
- ad hoc RNS announcements; and
- updates on the website.