



VIETNAM  
HOLDING

Interim Report | 2020



VIETNAM  
HOLDING

Capturing the growth of Vietnam  
through an actively managed,  
high-conviction portfolio of companies.

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## Financial Highlights

- Net Asset Value ("NAV") increased during the period by USD 20,131,387 to USD 137,415,691
- NAV per share increased by 38.7% in USD terms, share price increased by 24.7% in GBP terms
- Net Investment income of USD 42,177,279 versus USD 4,427,337 in the corresponding 2019 period
- Total Operating expenses reduced by 7% to USD 1,719,247 from USD 1,849,462 in the corresponding 2019 period
- Diluted earnings per share of USD 0.83 versus USD 0.05 in the corresponding 2019 period

## Operational Highlights

- Fund is invested in 25 portfolio companies
- Top-ten positions account for 63.4% of the NAV
- Fund's daily trading liquidity more than trebled, and underlying daily liquidity in Vietnam doubled
- Tender for 15% of the company's shares completed in October at 2% discount to prevailing NAV

## Chairman's Statement



**Hiroshi Funaki**

Chairman

**Dear Shareholder,**

VietNam Holding Limited (the "Company" or the "Fund") recorded an excellent first six months of the financial year: the net asset value ("NAV") per share has risen by 38.7% in USD terms during the period and the share-price of the Company has risen by 24.7% in GBP terms.

Total Assets increased to United States Dollars ("USD") 138,501,813 at 31 December 2020, from USD 117,747,354 at 30 June 2020, and Total Comprehensive Income was USD 40,458,032 in the six-month period, a significant increase on the USD 2,577,875 generated in the corresponding period in 2019.

In October, the Fund completed a tender offer for 15% of the Company's shares at a 2% discount to the prevailing NAV. The tender completed swiftly and with little impact on the remaining portfolio, in recognition of the more liquid nature of the holdings, and of the Vietnamese equity market as a whole.

Liquidity has also improved in the trading of the Company's shares on the London Stock Exchange. Daily liquidity over the six-month period improved significantly with an average daily trading volume of c.117,000 shares, compared with c.35,000 shares in the previous year. This is a direct result of the coordinated efforts of the Board and the Investment Manager to increase marketing and investor relations efforts. We are pleased to see many new investors join the share register over the last six months, a mix of institutional, family office, wealth managers and individual investors.

In the course of the marketing efforts for the Company during the previous year, feedback was received from a number of potential investors regarding incentive fees. In order to make the Company's shares more attractive to as wide a universe of investors as possible, and in close discussion with the Investment Manager, the Board agreed to remove the incentive fee from the previous Investment Management Agreement between the Company and the Investment Manager. The Company entered into a new amended and restated investment management agreement with Dynam Capital, Ltd dated 1 October 2020. Under the new amended and restated agreement effective from 1 November 2020, incentive fees (previously, 12% of any profits the Company made after clearing a hurdle rate of 8% and a high water mark were payable to the Investment Manager) have been removed. The Board and the Investment Manager also agreed to modify the

"VietNam Holding Limited recorded an excellent first six months."

management fee (previously on a sliding scale of 1.5% per annum on NAV below USD 300 million, 1.25% per annum on NAV between USD 300 million – USD 600 million, and 1.0% per annum on NAV above USD 600 million). The modified management fee is 1.75% per annum on NAV below USD 300 million, 1.5% per annum on NAV between USD 300 million – USD 600 million, and 1.0% per annum (unchanged) on NAV above USD 600 million, also effective from 1 November 2020.

In addition to the marketing initiatives, the Board has acted appropriately in implementing share buybacks as a means of addressing the discount between the share price and the net asset value. During the period the Company bought back 7,881,787 shares (including 7,585,249 shares bought back as a result of the Tender process) at an average price of USD 2.56, adding an estimated 0.67% in NAV per share accretion. The Share buyback authority was renewed by the Shareholders at the AGM in October 2020, allowing up to 14.99% of the Company's issued shares to be bought back. Current practice is that shares bought back are cancelled.

The discount has moved from approximately 17.6% in June 2020 to 18.0% at the end of December 2020. It is pleasing to note that after a period of relatively flat movement in the share price during the first few months, we recently have seen an appreciable increase with the share price reaching record levels by the end of December 2020.

Following the AGM, the Company has removed the performance fee component of the Investment Manager compensation in return for a slight increase in the base management fee. This has not only made the Fund's fee arrangements more acceptable to several investor classes but also lowers the Total Expense Ratio of the Fund on a forward-looking basis, as calculated in the Key Investment Document (KID), which attributed 80 basis points to performance fee expectations.

This time last year I reported on the emergence of the coronavirus in Vietnam – which at that point had been largely confined to Asia. Of course, we have all now felt the disruption of the global pandemic on our daily lives. The impact has been deeper, wider and longer than most of us could have imagined at that time. Vietnam has done a remarkable job of containing COVID-19, and its people should rightly be proud of their achievements as a result of their collective will and determination. Vietnam is bearing the fruit of tackling the pandemic head-on and opening up its economy relatively quickly compared with other countries around the world. The Investment Manager's Report has greater details on the performance of the Company and the portfolio given this remarkable resilience.

## Chairman's Statement

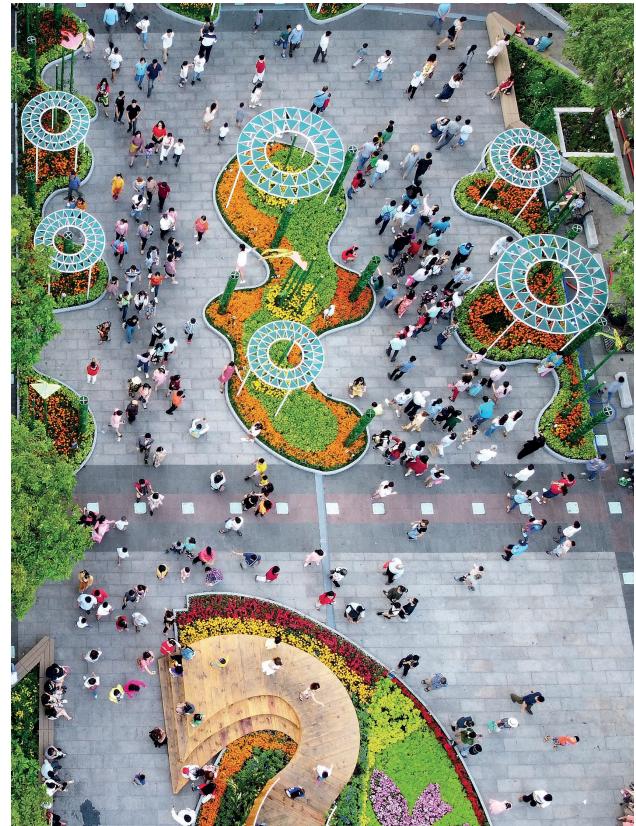
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That said, none of us can take the risks of COVID-19 and its variants lightly. The Board has kept a very close eye on the developments in Vietnam and elsewhere during the course of the last six months and continues to adopt sensible business continuity practices. Our AGM was held remotely, and we have limited the travel of our Board members. Sadly, this meant that we were unable to meet in Vietnam in December, as had been our intention, but we have been in regular contact with the Investment Manager. We have also ensured that all of the Company's suppliers have adopted best-practice business continuity plans and are pleased to say that there have been no disruptions to the performance and conduct of the business as a result of COVID-19 during the last six month period.

Lastly, I would like to thank all our shareholders, old and new, for their continued support of the Company. We look forward to 2021 and are confident that the portfolio is in great shape and well positioned for what could be a break-through year for Vietnam.

Hiroshi Funaki

Hiroshi Funaki  
Chairman  
VietNam Holding Limited  
26 March 2021



## Investment Manager's Report



### Vu Quang Thinh

Chief Investment Officer and Managing Director

As we look back over the last six months, it is hard to believe how the world has changed since this time last year. No one could have imagined the velocity and vastness of the COVID-19 pandemic, or the spectrum of varied economic stories and sentiment not only across the globe but also the region. In 2020, Vietnam was one of few countries to see its economy expand with a full year GDP growth of 2.9%. Growth for 2021 is forecast to be an even more impressive 7.8%.

Vietnam's resiliency throughout the pandemic has helped raise its profile as a major trading partner in the world, most notably as an attractive manufacturing alternative to China, and therefore a distinctive market to keep a close eye on.

Over the last six months, Vietnam has Chaired major ASEAN meetings, attracted state visits from the new Prime Minister of Japan Yoshihide Suga, the Foreign Secretary from the UK Dominic Raab, as well as the former US Secretary of State, Mike Pompeo, only two weeks before the US Presidential Election. Vietnam also implemented free trade agreements with both the European Union and the UK, and signed up to the Regional Comprehensive Economic Partnership (RCEP), all throughout a period when most of the rest of the world was facing an economic standstill or lockdown.

### Economy

Vietnam's early success in containing COVID-19 helped it re-open its economy much sooner than many other nations and as a result led to much applause from around the world for its extraordinary resiliency and growth. The government's handling of the pandemic also continued to ensure public confidence with closed borders, testing, tracking and tracing, hotspot isolating and caring for patients in the specialist National Hospital for Tropical Diseases. This enabled domestic tourism and spending to bounce back when most other countries remained in lockdown.

Vietnam's battle against COVID-19 boiled down to its people pulling together and making it their duty to follow the government's guidelines and rallying against the virus as a matter of national security.

It was not all smooth sailing in the first six months of the Fund's financial year, however. Vietnam experienced further outbreaks of COVID-19 in late July 2020, causing some localised lockdowns in the central province on top of violent storms which caused serious flooding and landslides that sadly saw the loss of life.



### Craig Martin

Chairman and Managing Director

Nevertheless, the fourth quarter of 2020 still saw a remarkable rebound and an acceleration in economic growth. By the end of 2020, Vietnam watched disbursed levels of Foreign Direct Investment (FDI) reach a record USD 20.0 billion. This was coupled with a trade surplus that topped USD 19.1 billion for the full year and helped raise the country's foreign reserves to USD 100 billion.

Increased reserves have strengthened the Vietnamese Dong, which held up against the USD for a second year in a row. This is in contrast to the 20 year depreciation trend of approximately 2.4% per annum. In 2021, it is possible that the currency could actually appreciate against the US dollar. During 2020 there were some claims by the US authorities that Vietnam was one of a number of countries manipulating their home currencies. The accused nations included Switzerland, Singapore as well as Malaysia amongst others. At the time of reporting, there have been no definitive conclusions to the charges and no additional tariffs have been implemented against Vietnam. We expect any tariffs to be manageable and serve more as a signal to Vietnam to continue its dialogue with the US to better balance trade flows. Vietnam is currently contemplating purchases of US-built aircraft (Boeing), Liquified Natural Gas and agricultural imports, for example, soybeans and wheat.

One of the key themes that stood out during 2020 was the relocation of manufacturing from other countries to Vietnam. The country is now poised to be a significant global manufacturing base for electronics, a sector which continues to see increased demand due to much of the world working from home. In addition to Vietnam's strategic location in the Asia-Pacific region, attractive labour cost and large talent pool, is the tense relationship between the US and China.

### Portfolio Performance

During this six-month period the Retail sector rose by 51%, the Banking sector by 50%, Industrial Goods & Services by 48%, Telecommunications (FPT) rose by 33% and the Real Estate sector by 20%. Within the portfolio the top five performing holdings were Hoa Phat Group, HPG (8.7% NAV, +90%); Gemadept, GMD (7.4% NAV, +84%); Vietin Bank, CTG (8.6% NAV, +63%); MB Bank, MBB (4.8% NAV, +60%); and VP Bank, VPB (6% NAV, +60%).

Within the retail sector, Mobile World (MWG, 4.4% NAV) increased by 50% and Phu Nhuan Jewelry (PNJ 5.3%) increased by 43%.

# Investment Manager's Report

## continued

### Portfolio Highlights

Our overweight position in HPG, the leader in Vietnam's construction steel and steel pipe industry, has been a leading contributor to the Fund this year. HPG reported amazing business results with net revenue and earnings up +41.1% YoY and +78.2% YoY respectively for 2020. Its products can compete fairly with regional peers, including China, thanks to its fully integrated value chain and effective cost control at its Dung Quat Steel Integrated Complex. It is forecasted to maintain double-digit growth in 2021 and 2022 based on its favourable market position and competitive unit cost.

Gemadept (GMD, 7.4% NAV), a relatively recent addition to the portfolio in 2020, rose strongly in support of increased prices at its main ports. It is a leading port operator, whose volume throughput has grown by an average of 25% per annum over the last decade, as Vietnam has grown its manufacturing for export base. Its latest deep seaport, Gemalink, is in test phase, and combined volumes across its ports could reach 3.8 million Twenty-foot Equivalent Units ("TEUs") over the next three years (a trebling of current capacity). GMD is also active in cold-chain logistics and domestic distribution and owns almost a third of Saigon Cargo Services (SCS, 1.8% NAV) which has built a growing and robust position in air-cargo services.

Our overweight in PNJ, the well-known jewellery producer and retailer in Vietnam, has also paid off this year and we expect that to continue in 2021. The jewellery market in Vietnam is forecast to grow two digits having benefited from the fast-growing middle-affluent class and changing consumer preferences from traditional savings to modern fashion. PNJ is a well-respected brand and its management is aiming to be a top regional player.

The Fund's NAV particularly benefited by our increased allocation to the Banking sector. We have trebled our allocation over the past year to 30% (the Index weighting is around 25%). We have been increasing our holdings in the Banking sector throughout the pandemic given their attractive valuations and strong growth potential in an under-banked country. As listed banks tend to be large, a consequence of this higher allocation is that our median portfolio market capitalisation has risen to USD 1,320 million. This has also resulted in a higher liquidity profile for the underlying portfolio.

In our view, Vietnam's Banking sector stands out unlike in many developed countries right now. Banks in Vietnam are regulated more than other industries and, as a result, must adopt best practice standards, which pushes them to maintain healthier balance sheets and operational resilience. In the longer-term, as Vietnam's e-commerce market continues to grow, and middle-income consumers continue to multiply, technological advancements will ultimately lead to greater financial inclusion and wider use of investment and credit products. The growth potential in Vietnam is huge since despite rapid growth over the past 20 years, less than 40% of the population today has a bank account. As the country further industrialises and urbanises, there will be escalating demand for modern yet affordable housing, mortgage and savings products, as well as e-payments. The government has an ongoing focus on policies that aim to expand its online payments and fintech sector, namely by offering start-ups preferential loans from the Vietnam Development Bank. The government has also amended law on the investment and management of State capital for joint-stock enterprises. This amendment allows the three largest banks in Vietnam to increase their charter capital and improve Capital Adequacy Ratios, which gives them room to further expand business activities.

Our largest position in the banking sector is Vietin Bank (CTG 8.6% NAV), currently the country's third largest bank by assets with market share of 11.4% in loans and 10.2% in deposits. This new portfolio position trades at a compelling valuation with a 2021 price to earnings ratio of 8.8x and price-to-book ratio of 1.3x.

Another contributor is VPB (6.0% NAV), one of the most profitable lenders in Vietnam with a Return on Equity ("ROE") average of 24% in the past five years. It has a 55% market share of the consumer lending business in Vietnam and a clear focus on the unbanked population which is estimated at around 65% of adults in the country. It also was one of the first banks in Vietnam to apply Basel II, the Bank for International Settlements' (BIS) international capital adequacy standards.

Finally, as announced on 30 November 2020, there has been an extension made to the repayment of convertible bonds in A BA Business Solutions Corporation ("ABA") held by the Company. As we go to press an agreement has been reached with ABA to further extend the repayment date of the convertible bonds from 29 March 2021 to 31 May 2021, with a backstop date of 29 June 2021. See note 9 "Subsequent Events", page 17, for more information.

### Outlook for H2

It is hard to imagine a country coming out of the chaos of COVID-19 shining. Nevertheless, Vietnam is making headlines once again for containing the virus and achieving exceptional export growth, while much of the Western world endures a worsening second wave and further economic pains.

Although Vietnam is in a clearing, it is by no means out of the woods entirely. Despite its successful handling of the pandemic compared with other nations, Vietnam cannot afford to let down its guard as COVID-19 risks remain. The country has managed to control inbound travel to a large extent by putting a near-blanket ban on international air-travel. There are porous borders with China to the North, Laos to the North-West, and Cambodia to the South-West. There remains a risk therefore of 'illegal' and untracked arrivals of people, potentially bringing in existing and new variants of coronavirus. The authorities have shown so far that they have been able to effectively isolate and quarantine outbreaks, including new outbreaks that occurred in January and February 2021, when several provinces in the north of the country were put into lockdown, but any extensive new outbreaks in key cities could pose some threats to the accelerating economic growth.

Vietnam has just commenced its vaccine rollout. In addition to using vaccines made available by global players, such as Pfizer, Astra-Zeneca, China's Sinovac and Russia's Sputnik-V, Vietnam is developing and trialing some home-grown vaccines of its own. There is likely to be hesitancy about opening up international arrivals until there is greater visibility on these risks, however, in the mid-term this could potentially delay the implementation of some Foreign Direct Investment.

Vietnam's usual booming tourism business is also now halted by the ongoing global pandemic. An industry that brings in USD 18.3 billion a year from the 18 million or so foreign arrivals (including 30% from China and 24% from South Korea) has evaporated. Vietnam Airlines, the national flag carrier, halved salaries for pilots and flight attendants, and sought to sell several planes amidst projections of USD 650 million in losses for the year. The Government's State Investment Arm (SCIC) has been forced to inject close to USD 515 million in emergency funding to the airline. Despite this, the domestic tourism market has been

more buoyant, and Parliament has been focusing on incentives to further spur local consumption. Airports and restaurants in famous beach get-away spots, such as Phu Quoc, have been particularly busy and bustling of late, albeit with social distancing rules in place.

Although the global risks due to COVID-19 still linger (despite the positive news on vaccines), we could not feel more positive about Vietnam moving into 2021. The country has been recognised globally for its handling of the crisis and strong macro conditions are paving a good foundation for future growth. Vietnam is now the largest member in the MSCI FM Indices, given Kuwait's upgrading, and this could attract around USD 400 million net flow within a year. We also expect 23% EPS growth YoY in 2021 for the portfolio, and we are already seeing accelerated public investment as many projects suspended in 2020 due to the pandemic are set to resume next year. We anticipate strong money inflows to come from foreign direct investment as well in this respect and look to the Regional Comprehensive Economic Partnership (RCEP) to further boost exports to major markets in Asia, including South Korea, Japan and China.

Vietnam remains a bright spot of optimism as clouds persist across many other countries. If it can continue to isolate and manage further outbreaks of COVID-19 variants and work steadily to derive a vaccination plan for its c100 million people, then 2021 could be the year in which Vietnam steps up and steps out into the sunshine. Whilst short-term risks remain, the strength of forecast corporate earnings growth supports this market optimism.

#### **Longer-term Outlook**

Vietnam held its 13th Party Congress in February, where it reviewed the nominations from the 15th Plenary group, and elected the four key politburo positions (General Secretary of the Party, National Assembly Chair, President and Prime Minister) for 5-year terms. Despite the Congress being cut short to enable officials to return to their provinces as part of Covid-19 control methods, the outcome was generally well received, and the mandate is very pro-business, focused on eliminating corruption and market inefficiencies, as well as spurring on public investment in domestic infrastructure. The latter will be the key driver for the next phase of economic development.

Good infrastructure not only can lead to good growth but also have a multiplier effect on economic activity. 2021 should see a number of key new projects commence, including the new international airport to be built in Long Thanh, in Dong Nai province. There should also be a drawing to a close of some long-standing projects, such as the urban metros in Hanoi and Ho Chi Minh City. The new government should help unfreeze some real estate developments and push along the multi-decade journey of privatisation of state-owned enterprises, which has stalled for the last couple of years.

Expectations for economic growth ahead remain strong. Standard Chartered are forecasting that the next two years will be above the 30-year average 6.7% annual GDP growth. The FDI story should also continue – enhanced by attracting more hi-tech manufacturing – and the resulting export base is expected to continue to keep the balance of trade in surplus at least throughout the rest of 2021.

#### **Force for Good**

In June 2020, the Fund established a separate Environmental, Social and Governance (ESG) committee to further the Company's determination to be a leading proponent for responsible investing – positive returns and positive impacts – in Vietnam.

COVID-19 has emphasised how important ESG investing is in helping shape positive outcomes, not least within developing countries. In Vietnam's case, it also has highlighted the role social responsibility has played in the country's effective handling of the crisis compared to other nations around the world. We have engaged with our portfolio companies in many ways and will continue to do our part in helping them navigate through the next norm whilst also exploring opportunities with other budding businesses that, in our view, are purpose-driven and well-positioned for sustainable growth.

Having been a signatory of the United Nation's Principles for Responsible Investment (PRI) for over a decade now, the Company has always considered ESG principles as an integral part of its investment process. As reported in the annual report for the year ended 30 June 2020, we received our latest PRI assessment of A, A\* and A.

In August, there was the approval of a free trade agreement between the European Union (EU) and Vietnam. It is unique because it includes certain ESG provisions, for example, property protection, labour rights and sustainable development. Singapore was the only other nation in the region to seal this kind of trade agreement with the EU. The inclusion of labour rights and sustainability criteria will ultimately strengthen the value of ESG measures in Vietnamese companies and lead them to think more long-term.

From an investment point of view, we have an important role to play in guiding companies on how to progress. It is our responsibility to carry out effective stewardship and encourage company boards to consider what we believe in. During the pandemic, we added to Vinamilk (VNM), which was an early adherent of good corporate governance and has involved foreign specialists as supervisory and main board of directors for more than 12 years now. VNM has attracted significant investment from regional strategic investors largely due its long-term performance and increasingly sound ESG reporting methodology. FPT, one of the biggest contributors in August, is another company with foreign non-executive directors as a means of enhancing its best practice corporate governance and resiliency.

There have been more signs over the past year that prove our pioneering work related to responsible investing in Vietnam is becoming less rare. Ho Chi Minh City Securities Corporation (HSC) became the first brokerage in Vietnam to release a report on the rising focus on ESG in the country, highlighting how the Vietnamese companies committed to sustainability solutions have been weathering the COVID-19 storm better. As more companies become aware of the importance of sustainability, there should be greater emphasis on transparency and the ability to differentiate the good from the great.

During 2021 we will also be reporting on the carbon-footprint of the entire portfolio. Climate change will once again be the focus of the world in 2021 as COVID-19 hopefully comes under control. The delayed United Nations Climate Change Conference ("COP26") meeting in Glasgow, now taking place in November of this year, will also see participants from the new Biden administration, who in the first minutes of his presidency announced a recommitment to the Paris Climate Agreement.

# Interim Report of the Directors

The Board of Directors (the "Directors") submits its report together with the Condensed Interim Unaudited Financial Statements of VietNam Holding Limited (the "Company") for the six-month period from 1 July 2020 to 31 December 2020 (the "six-month period").

The Company is registered in Guernsey as a non-cellular company with limited liability. The registered office of the Company is De Catapan House, Grange Road, St Peter Port, Guernsey, GY1 2QG.

## Investing Policy

### Investment Objective

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.

### Investment Policy

The Company attempts to achieve its investment objective by investing in the securities of publicly traded 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 invest in equity securities or securities that have equity features, such as bonds that are convertible to equity.

The Company may invest in listed or unlisted securities, either on the Vietnamese stock exchanges, through purchases on the OTC Market, or through privately negotiated deals.

The Company may invest its available cash in the Vietnamese domestic bond market as well as in international bonds issued by Vietnamese entities.

The Company may utilise derivatives contracts for hedging purposes and for efficient portfolio management, but will not utilise derivatives for investment purposes.

The Company does not intend to take control of any company or entity in which it has directly or indirectly invested (the "Investee Company") or to take an active management role in any such company. However, Dynam Capital, Ltd (the "Investment Manager") may appoint one of its directors, employees or other appointees to join the board of an Investee Company and/or may provide certain forms of assistance to such company, subject to prior approval by the Company's Board.

The Company integrates environmental, social and corporate governance ("ESG") factors into its investment analysis and decision-making process. Through its Investment Manager, the Company actively incorporates ESG considerations into its ownership policies and practices and engages Investee Companies in pursuit of appropriate disclosure and the improvement of material issues.

The Company may invest:

- up to 25% of its Net Asset Value ("NAV") (at the time of investment) in companies with shares traded outside of Vietnam if a majority of their assets and/or operations are based in Vietnam;
- up to 20% of its NAV (at the time of investment) in direct private equity investments; and
- up to 20% of its NAV (at the time of investment) in other listed investment funds and holding companies which have the majority of their assets in Vietnam.

### Borrowing Policy

The Company is permitted to borrow money and to grant security over its assets provided that such borrowings do not exceed 25% of the latest available Net Asset Value of the Company at the time of the borrowing, unless the Shareholders in general meeting otherwise determine by ordinary resolution.

### Investment Restrictions and Diversification

The Company will adhere to the general principle of risk diversification in respect of its investments and will observe the following investment restrictions:

- the Company will not invest more than 10% of its NAV (at the time of investment) in the shares of a single Investee Company;
- the Company will not invest more than 30% of its NAV (at the time of investment) in any one sector;
- the Company will not invest directly in real estate or real estate development projects, but may invest in companies which have a large real estate component, if their shares are listed or are traded on the OTC Market; and
- the Company will not invest in any closed-ended investment fund unless the price of such investment fund is at a discount of at least 10% to such investment fund's NAV (at the time of investment).

Furthermore, based on the guidelines established by the United Nations Principles for Responsible Investment, of which the Company is a signatory:

- the Company will not invest in companies known to be significantly involved in the manufacturing or trading of distilled alcoholic beverages, tobacco, armaments or in casino operations or other gambling businesses;
- the Company will not invest in companies known to be subject to material violations of Vietnamese laws on labour and employment, including child labour regulations or racial or gender discriminations; and
- the Company will not invest in companies that do not commit to reducing in a measurable way pollution and environmental problems caused by their business activities.

## Principal Risks

### Market Risk

Vietnam is an increasingly open trading nation, and the changes in terms of international trade, disruption to supply chains and impositions of tariffs could impact directly and indirectly the Vietnamese Economy and the companies in which the Company is invested. The Vietnamese economy can also be impacted by the global-macro economic conditions, and also geopolitical tensions. The Vietnamese capital markets are relatively young, and liquidity levels can change abruptly responding to changes in behaviour of domestic and international investors.

Parts of the portfolio may be prone to enhanced liquidity and price risk.

### Investor Sentiment

Vietnam is currently classified as a Frontier Market by MSCI, and the timetable for any inclusion as an Emerging Market is unsure. Investor attitudes to Frontier and Emerging Markets can change, leading to reduced demand for the Company's shares, and an increase in the discount to NAV per share.

### Investment Performance

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

### Fair Valuation

The risks associated with the fair valuation of the portfolio could result in the NAV of the Company being misstated. The quoted companies in the portfolio are valued at market price, but it may be difficult to liquidate, where large positions are held, at these prices in an orderly fashion in the ordinary course of market activity. The values of the Company's underlying investments are denominated in Vietnamese Dong, whereas the Company's accounts are prepared in US Dollars. The Company does not hedge its Vietnamese Dong exposures so exchange rate fluctuations could have a material effect on the NAV.

### Investment Management Agreement

The fund management activities are outsourced to the Investment Manager. If the Investment Manager became unable to carry out these activities or if the Investment Management Agreement was terminated, there could be disruptions to the management of the portfolio until a suitable replacement is found.

### Operational

The Company has no employees and is dependent on a number of third parties for the provision of services (including Investment Management, Fund Administration and Custody). Any control failures or gaps in the services provided could result in damage or loss to the Company.

### Legal and Regulatory

Failure to comply with relevant regulation and legislation in relevant jurisdictions may have an impact on the Company. Although there are compliance policies (including anti-bribery policies) in place at the Company, the Investment Manager and all service providers, the Company could be damaged or suffer losses if any of these policies were breached.

### COVID-19

Outbreaks of novel coronavirus (COVID-19) as part of a global pandemic pose a health concern through fast person-to-person spread, resulting in an illness that can lead to death. Lockdowns, quarantine measures and restrictions on travel can cause sustained global economic disruption and slowdown in growth, and can cause some industries and companies to face severe financial pressures that can lead to job losses and in extreme cases bankruptcies, impacting the value of the investments held by the Company, and weakening investor confidence. Key service providers to the Company could face loss of personnel, diminution in service capability and could impact the ongoing operations of the Company. Travel restrictions can prevent the Directors of the Company from meeting in person.

### Emerging Risks

New risks beyond those identified as Principal Risks can develop. These Emerging Risks may have a detrimental or existential impact on the Company.

### Life of the Company

The Company does not have a fixed life but the Directors consider it desirable that shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, the Directors intend that every fifth year a special resolution will be proposed that the Company shall continue

in existence. If the resolution is not passed the Directors will be required to formulate proposals to be put to shareholders to either wind up the Company or implement a reconstruction, amalgamation or other material alteration to the Company or its activities. The Directors last tabled such a resolution at the Extraordinary General Meeting of the Company on 31 October 2018 and it was passed, allowing the Company to continue as currently constituted.

### Results

The results of the Company for the six-month period and the state of its financial affairs as at the reporting date are set out in the Condensed Interim Unaudited Financial Statements on pages 10 to 17.

### Performance

To ensure the Company meets its objectives the Directors evaluate the performance of the Investment Manager at least at each quarterly Board meeting and take into account the following performance indicators:

- NAV – reviews the performance of the portfolio
- Discount to NAV – and reviews the average discount for the Company's shares against its peer group.

### Related Parties

Details of related party transactions that have taken place during the period and any material changes, if any, are set out in note 6 of the Condensed Interim Unaudited Financial Statements.

### Share Repurchase Programme

Details of the Company's share repurchase programme are set out in note 4 of the Condensed Interim Unaudited Financial Statements.

### Board of Directors

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

Name	Position
<b>Mr. Hiroshi Funaki</b>	Non-executive Chairman; Audit and Risk Committee member
<b>Mr. Sean Hurst</b>	Senior Independent Director; Environmental, Social and Governance Committee Chairman
<b>Mr. Damien Pierron</b>	Non-Executive Director; Management Engagement Committee Chairman
<b>Mr. Philip Scales</b>	Non-Executive Director; Audit and Risk Committee Chairman
<b>Ms. Saiko Tajima</b>	Non-Executive Director; Remuneration and Nomination Committee Chairman

# Interim Report of the Directors

continued

## Directors' Interest in the Company

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

	Shares held as at 31 December 2020	Shares held as at 30 June 2020
<b>Mr. Hiroshi Funaki</b>	20,643	25,000
<b>Mr. Sean Hurst</b>	7,218	5,500
<b>Mr. Philip Scales</b>	10,000	10,000
<b>Ms. Saiko Tajima</b>	5,000	5,000

On 21 January 2021, Mr Sean Hurst and family members purchased an additional 1,000 shares. There have been no other changes to any holdings between 31 December 2020 and the date of this report.

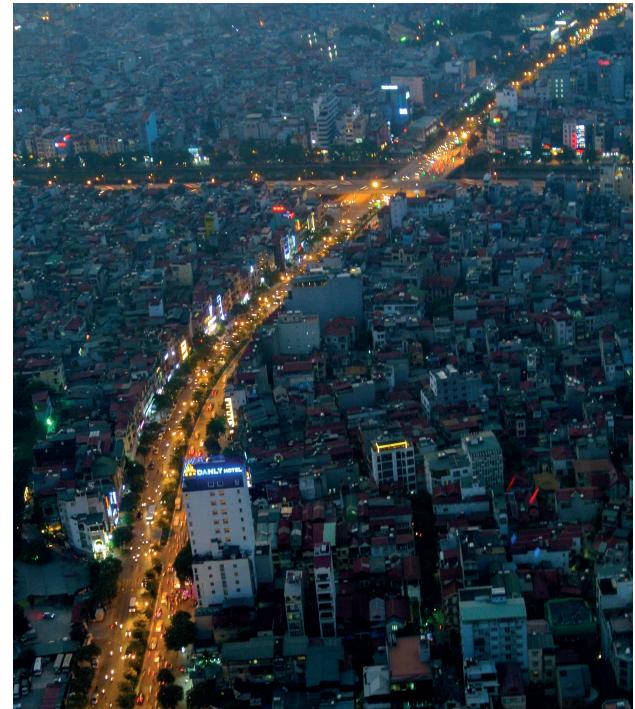
## Going Concern

The Board considered it appropriate to prepare the Condensed Interim Unaudited Financial Statements on the going concern basis, as explained in the basis of preparation paragraph in note 2 to the Condensed Interim Unaudited Financial Statements. In making this statement, the Board has made enquiries of the Investment Manager and reviewed the principal risks. The Board also considered the levels of working capital available to the Company, the closed-ended nature of the Company, the liquidity of the investment portfolio, forecasts of future cash flows and the impact of the COVID-19 pandemic. There were no identified material uncertainties to the Company's ability to continue.

On behalf of the Board:

**Hiroshi Funaki**  
Director  
VietNam Holding Limited  
26 March 2021

**Philip Scales**  
Director  
VietNam Holding Limited  
26 March 2021



## Statement of Directors' Responsibilities

The Directors are responsible for preparing this interim financial report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge:

- the Condensed Interim Unaudited Financial Statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*; and
- the Chairman's Statement, the Investment Manager's Report and the Interim Report of the Directors include a fair review of information required by:
  - (i) DTR 4.2.7R of the UK Disclosure and Transparency Rules, being an indication of important events which have occurred during the first six months and their impact on the Condensed Unaudited 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.

Hiroshi Funaki

Hiroshi Funaki  
Director  
VietNam Holding Limited  
26 March 2021



Philip Scales  
Director  
VietNam Holding Limited  
26 March 2021

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.

# Condensed Interim Unaudited Statement of Financial Position

As at 31 December 2020

	Notes	Unaudited As at 31.12.20 USD	Audited As at 30.06.20 USD
<b>Assets</b>			
Cash and cash equivalents		4,651,637	2,561,173
Investments at fair value through profit and loss	7	133,625,633	115,062,255
Accrued dividends and interest		148,381	123,926
Trade and other receivables		76,162	-
<b>Total assets</b>		<b>138,501,813</b>	<b>117,747,354</b>
<b>Equity</b>			
Share capital	4	166,645,041	166,645,041
Reserve for own shares		(105,139,713)	(84,813,068)
Retained earnings		75,910,363	35,452,331
<b>Total equity, representing net assets attributable to shareholders</b>		<b>137,415,691</b>	<b>117,284,304</b>
<b>Liabilities</b>			
Payables on purchase of investments		854,640	117,546
Accrued expenses		231,482	285,504
<b>Total liabilities</b>		<b>1,086,122</b>	<b>463,050</b>
<b>Total equity and liabilities</b>		<b>138,501,813</b>	<b>117,747,354</b>

The Condensed Interim Unaudited Financial Statements on pages 10 to 17 were approved by the Board of Directors on 26 March 2021 and were signed on its behalf by



**Hiroshi Funaki**  
Chairman of the Board of Directors



**Philip Scales**  
Chairman of the Audit and Risk Committee

The accompanying notes on pages 14 to 17 form an integral part of these financial statements.

## Condensed Interim Unaudited Statement of Comprehensive Income

	Notes	Unaudited 01.07.20- 31.12.20 USD	Unaudited 01.07.19- 31.12.19 USD
Dividend income from investments at fair value through profit or loss		1,658,588	2,206,754
Net gain from investments at fair value through profit or loss	5	40,218,284	1,957,770
Net foreign exchange gain		1,155	32,401
Interest income		299,252	230,412
<b>Net investment income</b>		<b>42,177,279</b>	<b>4,427,337</b>
Investment management fees	6	999,318	1,092,954
Directors' fees and expenses	6	211,725	201,093
Administrative and accounting fees		120,994	151,262
Custodian fees		72,592	94,513
Audit fees		32,200	59,912
Other expenses		282,418	249,728
<b>Total operating expenses</b>		<b>1,719,247</b>	<b>1,849,462</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>40,458,032</b>	<b>2,577,875</b>
Basic and diluted earnings per share		USD 0.83	USD 0.05

The accompanying notes on pages 14 to 17 form an integral part of these financial statements.

## Condensed Interim Unaudited Statement of Changes in Equity

	Share capital USD	Reserve for own shares USD	Retained earnings USD	Total USD
<b>Balance at 1 July 2019</b>	166,645,041	(83,760,308)	56,544,432	139,429,165
<b>Total comprehensive income for the period</b>				
Change in net assets attributable to shareholders	-	-	2,577,875	2,577,875
	166,645,041	(83,760,308)	59,122,307	142,007,040
<b>Contributions and distributions</b>				
Repurchase of own shares (note 4)	-	(933,523)	-	(933,523)
	-	(933,523)	-	(933,523)
<b>Balance at 31 December 2019</b>	166,645,041	(84,693,831)	59,122,307	141,073,517
<b>Balance at 1 July 2020</b>	166,645,041	(84,813,068)	35,452,331	117,284,304
<b>Total comprehensive income for the period</b>				
Change in net assets attributable to shareholders	-	-	40,458,032	40,458,032
	166,645,041	(84,813,068)	75,910,363	157,742,336
<b>Contributions and distributions</b>				
Repurchase of own shares (note 4)	-	(20,326,645)	-	(20,326,645)
	-	(20,326,645)	-	(20,326,645)
<b>Balance at 31 December 2020</b>	166,645,041	(105,139,713)	75,910,363	137,415,691

The accompanying notes on pages 14 to 17 form an integral part of these financial statements.

## Condensed Interim Unaudited Statement of Cash Flows

	Unaudited 01.07.20 – 31.12.20 USD	Unaudited 01.07.19 – 31.12.19 USD
<b>Cash flows from/(used in) operating activities</b>		
Total comprehensive income for the period	40,458,032	2,577,875
<b>Adjustments to reconcile total comprehensive income to net cash from operating activities:</b>		
Interest income	(299,252)	(230,412)
Dividend income	(1,658,588)	(2,206,754)
Net gain from investments at fair value through profit or loss	(40,218,284)	(1,957,770)
Purchase of investments	(34,723,944)	(22,034,239)
Proceeds from sale of investments	57,055,944	18,251,472
Net foreign exchange gain	(1,155)	(32,401)
Increase in receivables on sale of investments	-	(508,044)
Increase in other receivables	(76,162)	(110,494)
Decrease in accrued expenses	(54,022)	(22,235)
Decrease in repurchases of shares payable	-	(158,639)
Dividends received	1,634,133	2,100,556
Interest received	299,252	138,181
<b>Net cash from/(used in) operating activities</b>	<b>22,415,954</b>	<b>(4,192,904)</b>
<b>Cash flows used in financing activities</b>		
Repurchase of own shares	(20,326,645)	(933,523)
<b>Net cash used in financing activities</b>	<b>(20,326,645)</b>	<b>(933,523)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,089,309</b>	<b>(5,126,427)</b>
Cash and cash equivalents at beginning of the period	2,561,173	9,467,257
Effect of exchange rate fluctuations on cash held	1,155	32,401
<b>Cash and cash equivalents at end of the period</b>	<b>4,651,637</b>	<b>4,373,231</b>

The accompanying notes on pages 14 to 17 form an integral part of these financial statements.

# Notes to the Condensed Interim Unaudited Financial Statements

## For the six-month period from 1 July 2020 to 31 December 2020

### 1 The Company

VietNam Holding Limited (the "Company") is a closed-end investment company that was incorporated in the Cayman Islands on 20 April 2006 as an exempted company with limited liability under registration number 166182. On 25 February 2019, the Company, via a process of cross-border continuance, transferred its legal domicile from the Cayman Islands to Guernsey and was registered as a closed-ended company limited by shares incorporated in Guernsey with registered number 66090.

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 of the UK Listing Authority ("Official List") and trading on the main market of the London Stock Exchange ("Main Market"). On the same date the Company's shares were admitted to listing and 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 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.

The Company's administrator is Sanne Group (Guernsey) Limited.

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

The registered office of the Company is De Catapan House, Grange Road, St Peter Port, Guernsey, GY1 2QG.

### 2 Principal Accounting Policies

#### (a) Statement of compliance

The Condensed Interim Unaudited 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 Listing 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 2020, 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 2020.

The Directors have assessed the impact, or potential impact, of all New Accounting Requirements. In the opinion of the Directors, there are no mandatory New Accounting Requirements applicable

in the current period that had any material effect on the reported performance, financial position, or disclosures of the Company. Consequently, no mandatory New Accounting Requirements are listed. The Company has not early adopted any New Accounting Requirements that are not mandatory.

All non-mandatory New Accounting Requirements in issue are either not yet permitted to be adopted or, in the Directors' opinion, would have no material effect on the reported performance, financial position, or disclosures of the Company and consequently have neither been adopted, nor listed.

#### (b) Basis of preparation

The financial statements are presented in United States Dollars ("USD"), which is the Company's functional currency. The financial statements have been prepared on a going concern basis, applying the historical cost convention, except for the measurement of investments at fair value through profit or loss.

#### Going concern

The Directors have reasonable expectations and are satisfied that the Company has adequate resources to continue its operations and meet its commitments for the foreseeable future and they continue to adopt the going concern basis for the preparation of the financial statements. In making this statement, the Directors confirm the Company's forecasts and projections have been stress tested taking into account the potential for (i) asset value declines and (ii) declines in cash dividends from equities held in the portfolio. The Company's liquidity position, taking into account cash held, share buybacks and with the ability to sell underlying assets, shows that the Company is able to operate with appropriate liquidity and be able to meet its liabilities as they fall due.

#### Critical accounting estimates and judgements

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 expenses. 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 estimates are 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.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### Functional currency

The Company's shares were issued in USD and the listing of the shares on the Main Market and TISE is in USD. The performance of the Company is measured and reported to the investors in USD, although the primary activity of the Company is to invest in the Vietnamese market. The Directors consider the USD as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

## 2 Principal Accounting Policies continued

### Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date.

## 3 Operating Segments

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 Directors to assess the Company's performance and to allocate resources is the total return on the Company's NAV calculated as per the prospectus.

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

The Company is domiciled in Guernsey, Channel Islands. 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 in securities at fair value are in Vietnam as at 31 December 2020 and 30 June 2020. All of the Company's investment income can be attributed to Vietnam for the periods ended 31 December 2020 and 31 December 2019.

## 4 Share Capital

### Ordinary shares of USD 1.00 each

Pursuant to its redomiciliation to Guernsey, the Company re-registered with an authorised share capital of USD 200,000,000 divided into 200,000,000 shares of a nominal or par value of USD 1.00 each. In line with the Company's new Articles of Incorporation, 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.

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 listing and trading on the TISE.

	31.12.20 No. of shares	30.06.20 No. of shares
Total shares issued and fully paid (after repurchases and cancellations) at beginning of the period	50,814,865	51,283,448
Shares cancellation	(7,881,787)	(468,583)
	<b>42,933,078</b>	50,814,865
<b>Repurchased and reserved for own shares</b>		
At beginning of the period	-	-
During the period	(7,881,787)	(468,583)
Shares cancellation	7,881,787	468,583
	-	-
<b>Total outstanding ordinary shares with voting rights</b>	<b>42,933,078</b>	50,814,865

As a result, as at 31 December 2020 the Company has 42,933,078 (30 June 2020: 50,814,865) ordinary shares with voting rights in issue (excluding the reserve for own shares), and nil (30 June 2020: 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 Directors may from time to time and at their 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 from 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/(Loss) from Investments at Fair Value through Profit or Loss

	6 months to 31.12.20 USD	6 months to 31.12.19 USD
<b>Net gain/(loss) from investments at fair value through profit or loss:</b>		
Realised gain/(loss)	7,191,637	(2,743,309)
Movement in fair value of investments at fair value through profit or loss	33,026,647	4,701,079
	<b>40,218,284</b>	1,957,770

# Notes to the Condensed Interim Unaudited Financial Statements

## continued

### For the six-month period from 1 July 2020 to 31 December 2020

#### 6 Related Party Transactions

##### Investment management fees

The Company entered into a new investment management agreement with Dynam Capital, Ltd on 26 June 2018. The agreement was amended and restated on 8 October 2018 and further amended and restated on 1 October 2020. The Board and the Investment Manager agreed to modify the management fee (previously on a sliding scale of 1.5% per annum on NAV below USD 300 million, 1.25% per annum on NAV between USD 300 – USD 600 million, and 1.0% per annum on NAV above USD 600 million) effectively from 1 November 2020.

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 but excluding USD 300 million, one-twelfth of 1.75%;
- On the amount of the Net Asset Value of the Company between and including USD 300 million up to and including USD 600 million, one-twelfth of 1.5%; and
- On the amount of the Net Asset Value of the Company that exceeds USD 600 million, one-twelfth of 1%.

The management fee accruing to the Investment Manager for six month period to 31 December 2020 was USD 999,318 (period ended 31 December 2019: USD 1,092,954). An amount of USD 185,249 (30 June 2020: USD 150,548) was outstanding as at 31 December 2020.

##### Incentive fees

Since inception of the Company, the Investment Manager, under the Investment Management Agreement, has been entitled to both a management fee and an incentive fee for its services to the Company. In the course of the marketing efforts for the Company during the previous year, feedback was received from a number of potential investors regarding incentive fees. In order to make the Company's shares more attractive to as wide a universe of investors as possible, and in close discussion with the Investment Manager, the Board agreed to remove the incentive fee from the previous Investment Management Agreement between the Company and the Investment Manager. The Company entered into a new amended and restated investment management agreement with Dynam Capital, Ltd dated 1 October 2020. Under the new amended and restated agreement effective from 1 November 2020, incentive fees (previously, 12% of any profits the Company made after clearing a hurdle rate of 8% and a high water mark were payable to the Investment Manager) have been removed.

There are no incentive fees accruing to the Investment Manager for the six month period to 31 December 2020 (period ended 31 December 2019: USD nil).

##### Directors' fees and expenses

The Board of Directors determines the fees payable to each Director, subject to a maximum aggregate amount of USD 350,000 (2019: USD 350,000) per annum being paid to the Board of Directors 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 to 31 December 2020 for the Directors fees were USD 211,725 (period ended 31 December 2019: USD 201,093) and prepaid expenses were USD nil (period ended 31 December 2019: USD 47,682).

As at 31 December 2020, USD 38,905 (30 June 2020: USD nil) of Directors' fees were outstanding.

##### Directors' ownership of shares

As at 31 December 2020, Directors held 42,861 ordinary shares in the Company (30 June 2020: 45,500) as listed below.

Hiroshi Funaki	20,643 Shares
Sean Hurst	7,218 Shares
Philip Scales	10,000 Shares
Saiko Tajima	5,000 Shares

Mr. Funaki is also a Director of Discover Investment Company which holds 2,197,681 ordinary shares in the Company representing 5.1% of the issued share capital.

#### 7 Fair Value Information

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 to 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.

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.

**7 Fair Value Information** continued

	<b>Level 1 USD</b>	<b>Level 2 USD</b>	<b>Level 3 USD</b>	<b>Total USD</b>
<b>As at 31.12.20</b>				
Financial assets classified at fair value upon initial recognition				
Investments in securities	127,569,097	-	6,056,536	133,625,633
<b>As at 30.06.20</b>				
Financial assets classified at fair value upon initial recognition				
Investments in securities	109,053,083	-	6,009,172	115,062,255

There were no transfers between levels during the year.

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.

Valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used:

The fair value of a loan not quoted in an active market would typically be determined by the Company using standard valuation methods, such as a discounted cash flow model.

As announced on 1 October 2020 the Company redeemed the convertible bonds held in A BA Business Solutions Corporation with a repayment date of 27 November 2020. On 27 November 2020, the Company approved an extension of the repayment date of the convertible bonds from 27 November 2020 to 29 March 2021. The Company also approved an increase in the interest rate payable from 9% to 13.5%.

As for the convertible bonds with a short maturity, the book value plus interest value is deemed to approximate the fair value since these are scheduled to be settled in a short period of time.

**8 Basic and Diluted Earnings per Share**

The calculation of basic and diluted earnings per share at 31 December 2020 was based on the change in net assets attributable to ordinary shareholders of USD 40,458,032 (period ended 31 December 2019: USD 2,577,875) and the weighted average number of shares outstanding of 48,612,570 (period ended 31 December 2019: 51,051,639).

**9 Subsequent Events**

Further to the announcement made on 30 November 2020, the Board of VietNam Holding Limited (the "Company") has now reached agreement with A BA Business Solutions Corporation ("ABA") to further extend the repayment date of the convertible bonds in ABA held by the Company from 29 March 2021 to 31 May 2021, with a backstop date of 29 June 2021 at the latest (the "Extension"). ABA has recently entered into a negotiation with a regional investor for a refinancing arrangement and ABA is entitled to repay the convertible bonds earlier than the extended repayment date. Monthly interest payments from ABA remain up to date and in addition ABA has agreed to pay extension fees to the Company. The Extension, and the receipt of extension fees to the Company is not anticipated to have a material impact on the Company and no change has been made to the carrying value of ABA in the portfolio.

There were no other material events that require disclosure and/or adjustments in these financial statements.

## Director Profiles

### **Hiroshi Funaki (Chairman)**

Mr Funaki 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.

### **Sean Hurst (Senior Independent Director and Chairman of the Environmental, Social and Governance Committee)**

Mr Hurst was co-founder, director and chief investment officer of Albion Asset Management, a French regulated asset management company, from 2005-2009. He is an experienced multi-jurisdictional director including roles at Main Market and AIM traded 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.

### **Damien Pierron (Chairman of the Management Engagement Committee)**

Mr Pierron 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 15 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 Master's Degree in Quantitative Innovation from Ecole Nationale Supérieure des Mines de Paris. He is a Dubai resident.

### **Philip Scales (Chairman of the Audit and Risk Committee)**

Mr Scales 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 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.

### **Saiko Tajima (Chairman of the Remuneration and Nomination Committee)**

Ms. Saiko Tajima has over 20 years' experience in finance, of which 8 years have been spent in Asian real estate asset management and structured finance. Working for Aozora Bank and group companies of Lehman Brothers and Capmark, she focused on financial analysis, monitoring and reporting to lenders, borrowers, auditors, regulators and rating agencies. Over the last 5 years, she has invested in and helped develop tech start-ups in Tokyo, Seoul and Sydney.

## Key Parties

### Directors

Mr. Hiroshi Funaki  
Mr. Sean Hurst  
Mr. Damien Pierron  
Mr. Philip Scales  
Ms. Saiko Tajima

### Investment Manager

Dynam Capital, Ltd  
De Catapan House  
Grange Road  
St Peter Port  
Guernsey  
GY1 2QG

### Registered Office, Company Secretary and Administrator

Sanne Group (Guernsey) Limited  
De Catapan House  
Grange Road  
St Peter Port  
Guernsey  
GY1 2QG

### Sub-Administrator, Custodian and Principal Bankers

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

### UK Legal Adviser

Stephenson Harwood LLP  
1 Finsbury Circus  
London  
EC2M 7SH

### Guernsey Legal Adviser

Carey Olsen (Guernsey) LLP  
Carey House  
Les Banques  
St Peter Port  
Guernsey  
GY1 4BZ

### Auditor

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

### Market Researcher

Dynam Consultancy and Services  
Company Limited  
Floor 12, Deutsches Haus,  
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### Corporate Broker and Financial Adviser

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*(Nominated Adviser (AIM) until transference to  
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### Registrar

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