VietNam Holding

2006-2016: 10 Years Responsible Investment

Interim Report 2016

"There are still some 700+ state-owned enterprises in Vietnam, with a historical total asset value of nearly USD 220bn. While government reform efforts in this area have been generally poor in the past decade, 2016 saw discernible improvement with a spate of new share listings and sales. This is likely to continue in the coming few years, with positive transformational impact on both the stock market and the economy."

Min-Hwa Hu Kupfer, Chairperson
VietNam Holding Limited

Performance

1 January to 31 December 2016

- 19.0% — VNH NAV per share
- 15.8% — VNH share price
- 6.1% — VNAS Index USD-adjusted

"Should VNH not have performed better at a time when the market offered opportunities resulting from the much anticipated and eagerly awaited increase in the pace of privatizations? Looking back with the benefit of hindsight, it was precisely this eager anticipation of privatization opportunities that caused the valuations of most equitized companies to be well outside of VNH's value approach parameters."

Jean-Christophe Ganz, Chairman
VietNam Holding Asset Management Limited

Chairperson's Statement

Dear Shareholder,

Our financial half-year performance for the period ending 31 December 2016 was stagnant with NAV per share falling 0.8% over the period to USD 2.650. This was disappointing given a first half of the year that generated a rise in per-share NAV of 20.0%. That impressive result had led us to hope for a similar performance in the second half of the year. Importantly, the full calendar year 2016 numbers were: VietNam Holding Limited ("VNH" or the "Company") NAV up 19.0%, versus a USD-adjusted VNAS up 6.1%.

Many blame this unfortunate turn in market momentum on the result of the US presidential vote and the campaigns that preceded it. Certainly this electoral shift from the historical liberal democratic order affects asset markets throughout the world. In Vietnam's case, this expresses itself in increased doubt about the prospects for world trade growth and therefore Vietnam's trade-driven growth model. Thereafter comes the increased risk of expansionist behavior by China in an ugly world where autocratic, nationalist impulse reigns supreme. The resulting reduced impetus for enlightened reforms in Vietnam, and tighter flows of more expensive capital to emerging markets thereby weakening their currencies are classic features of heightened global political and economic stress.

"Many blame this unfortunate turn in market momentum on the result of the US presidential vote and the campaigns that preceded it."

Another reason for the difficult second half-year environment falls on Vietnamese equities themselves. Their valuations after five years of mostly bull market conditions are in aggregate no longer as tantalizingly cheap as they had once been. The previously customary 10-12x market trailing price-earnings ratios now approach 15x. The painful result is a 25-50% higher price for reasonable profit streams. Coupled with an expectation of higher global interest rates, it is inevitable for stocks to find it more difficult to swim uphill against the current. There will of course

> “Despite the trials and tribulations ahead, there is great cause for optimism in Vietnam.”

be exceptions, and it remains our mission to find them. The investment manager’s letter will go into further detail on the strategic and tactical plans we have developed for doing so.

Despite the trials and tribulations ahead, there is great cause for optimism in Vietnam. There is an important menu of things it can get right over the coming years, regardless of what’s going on elsewhere. Most of Vietnam’s exports are likely to see solid progress based on global market share growth amid long-term structural advantages for the country, especially vis-a-vis China. We also believe that several of these positive structural factors, such as a competitive cost base, political stability, and infrastructure improvements are likely to outweigh any tinkering that the new US administration might do to increase protectionist trade policies.

Additionally, when compared to most other major Southeast Asia economies, Vietnam maintains an only partially opened capital account. This bodes well in what could be a stormy year for global capital flows with US interest rates washing capital from emerging and frontier markets. Furthermore, Vietnam benefits from a relatively high proportion of country-dedicated money in its stock market, and a structurally strong overall balance of payments. A surplus of approximately USD 8.5bn in 2016 or 4% of GDP features durable long-term items like foreign direct investment, tourism receipts and remittances.

Finally, Vietnamese policy makers have the power to effect very noticeable improvement in government finances and the overall business environment. There are still some 700+ state-owned enterprises in Vietnam, with a historical total asset value of nearly USD 220bn. While government reform efforts in this area have been generally poor in the past decade, 2016 saw discernible improvement with a spate of new share listings and sales. This is likely to continue in the coming few years, with positive transformational impact on both the stock market and the economy.

Chairperson's Statement
Continued

Vietnam Fund Universe: NAV Performance over different Periods

Period	Rank 1	Rank 2	Rank 3
1 year	VOF: 28.4%	VEIL: 22.8%	**VNH: 19.0%**
2 years	VEIL: 33.1%	**VNH: 29.1%**	VOF: 26.8%
3 years	**VNH: 52.4%**	VEIL: 43.6%	VOF: 38.2%
4 years	**VNH: 115.6%**	VEIL: 85.2%	VEEF: 76.2%
5 years	**VNH: 159.5%**	VEIL: 112.6%	VEEF: 120.1%

Source: Bloomberg / 30 December 2016. Funds covered (NAV greater than USD50mn and track record of min. 5 years): Vietnam Holding (VNH), PXP Vietnam Emerging Equity Fund (VEEF), JPMorgan Vietnam Opportunities Fund (JPM), Vietnam Enterprise Investments Limited (VEIL), Vietnam Opportunity Fund (VOF), Vietnam Phoenix Fund (VPF). Total NAV of peers: USD2.635bn.

Above, we show Vietnamese fund performance rankings over the last five years. The figures demonstrate that VNH remains Vietnam's best-performing major fund over most periods, though it has slipped to number three for the past year and number two for the past two years.

Our share buy-back program has continued over the past year, with a total of 3.56 million shares repurchased in calendar year 2016. This brought the total number of shares purchased since 2010, when the program began, to 15.49m shares. Even though the VNH share price increased by a commendable 15.8% in 2016, the discount to NAV increased slightly over the course of the year, from 14.1% to 16.2%. Taking into account the potential dilutionary effect on NAV of the 19.4 million outstanding VNH warrants, the adjusted discount was 10.5% at 31 December 2016. The warrants have constantly been in the money since May 2016. The final exercise date is 1 June 2017 at an exercise price of USD 1.998. Supported by our London based corporate broker Winterflood Securities, we continue to closely monitor our share price movements and remain fully committed to the buy-back program.

"VNH remains Vietnam's best-performing major fund over most periods, though it has slipped to number three for the past year and number two for the past two years."

VNH's shareholders are primarily based in Europe. This fact, together with EU-wide regulations on alternative investment funds brought about by the Alternative Investment Fund Managers Directive 2011/61/EU ("AIFMD") that became applicable to VNH in July 2014, has persuaded the VNH board of the merits of moving the Company's domicile from the Cayman Islands to an EU jurisdiction. After studying the matter, Luxembourg was deemed the best choice, and we will seek shareholder approval for this move at a general meeting of shareholders later this year.

> "We remain committed to VNH being the best Vietnam fund for long-term, value-oriented investors who place ESG factors on center-stage."

In this interim report, we include an update on carbon footprints and climate change. These were also the subjects of our recent 11th annual VietNam Holding Forum, held in Ho Chi Minh City in December 2016 for investee companies and investors.

We remain committed to VNH being the best Vietnam fund for long-term, value-oriented investors who place environmental, social and governance factors on center-stage. Throughout our historical reporting periods we have achieved exactly that over the past eight years, and continue to aim to do so in the future.

Our outstanding team of analysts, administrators, managers and directors remain dedicated to that goal. We thank them and all of you for the continued support and the value you add to VNH.

Min-Hwa Hu Kupfer, Chairperson
VietNam Holding Limited
25 January 2017

Min Kupfer at VNH's **Annual General Shareholders' Meeting** (AGM) in Zurich on 15 September 2016. On the occasion of this AGM, the Company celebrated its **10-year anniversary**.

André Borschberg holding an inspirational keynote address at VNH's 2016 AGM. Mr. Borschberg was co-pilot and co-founder of the historic **Solar Impulse** project.

Investment Manager's Report

As pointed out by Mrs. Kupfer on the previous pages, the second half of 2016 was both disappointing and challenging for VNH's investment performance. The first-half of calendar year 2016 had started the year well, with the VNAS Index gaining just over 10% in USD-adjusted terms, while VNH's corresponding NAV per share increased by 20%. The third quarter of 2016 was heartening, with a commendable increase of 9.5% in NAV/share versus 6.1% for the VNAS. This gave us false hope for an equally impressive fourth quarter. We rather encountered the opposite; VNH NAV per share performance of minus 9.4% was marginally worse than the 9.1% decline in the VNAS. This was a disappointment for all of us.

As a result, VNH lost its leading performance ranking for both the past year and for the cumulative last two years, as shown in the comparative table in the preceding section. It is both fair and necessary to ask why. Should VNH not have performed better at a time when the market offered opportunities resulting from the much anticipated and eagerly awaited increase in the pace of privatizations? Looking back with the benefit of hindsight, it was precisely this eager anticipation of privatization opportunities that caused the valuations of most equitized companies to be well outside of VNH's value approach parameters. And abiding by these parameters was the one of the principles upon which we were founded.

> "The second half of 2016 was both disappointing and challenging for VNH's investment performance."

The largest Vietnamese IPO in the period was Saigon Beer ("SAB"), first listed on the Ho Chi Minh Stock Exchange on 6 December 2016. The stock's market price increased by 49.8% during the 19 trading days from its IPO to the 2016 year-end. The total market capitalization of SAB by year-end 2016 of USD 5.6bn made up 8.5% of the VN-Index market capitalization. Yet, the SAB listed shares represent a free float of just 10.4%. Not surprisingly, by the end of the year SAB's valuation reached a trailing P/E of 40.7x and a forward

Investment Manager's Report
Continued

P/E of 33.7x. The second largest local IPO, Airports Corporation of Vietnam, was first listed in the Ho Chi Minh stock exchange on 22 November 2016. By 31 December 2016, its total market capitalization was USD 4.68bn with a free float of merely 1.0 %. At end of 2016, its 2017 forward P/E was 36.0x.

These two and several other widely hyped offerings make clear that the last quarter of 2016 presented precious few opportunities for VNH as a value investor. At the same time, the frenzy for shares in these newly equitized firms drew liquidity from our traditional mid-cap market segment, which negatively impacted the share performance of many of the investment positions we held during the period.

The following table illustrates VNH's year-end portfolio valuations. The relatively higher valuations of the mid- and small-cap market segments reflect several companies in turnaround situations and in which we recently invested.

Large Caps vs. Small/Mid Caps

- Mid cap centric portfolio
- Large caps underweighted
- Attractive turn-around opportunities drive up P/Es

P/E Comparison

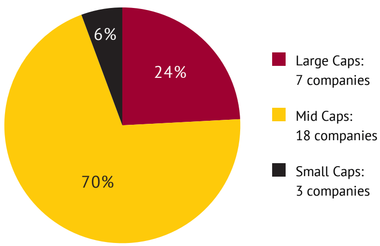
	VNH Porftolio	VNAS Index
Large Caps	8.7x	14.5x
Mid Caps	12.7x	12.3x
Small Caps	14.2x	8.7x
Overall	**11.4x**	**13.3x**

Sources: Bloomberg, VNHAM / 30 December 2016.

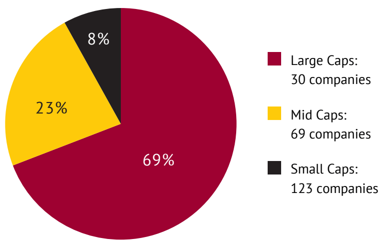
The table below shows the compared weightings of the VNH Portfolio and of the VNAS Index in the mid-cap and the small-cap space.

Market Segment Weightings

VNH Portfolio



VNAS Index



Sources: Bloomberg, VNHAM / 30 December 2016.

Both tables demonstrate VNH's value approach, its disciplined portfolio management style and an asset composition with characteristics very different from those of the overall equity market.

> "This demonstrates VNH's value approach, its disciplined portfolio management style and an asset composition with characteristics very different from those of the overall equity market ."

We continue to firmly believe in the virtues of our investment philosophy. However, we realize that one condition of its success is to demonstrate a thorough search for new investment opportunities, with the aim to take early advantage of the "winners of tomorrow". Our team of highly qualified investment and research managers constantly screens our full investment universe. In doing so, it reassesses all existing investments and vigorously explores potential new ones. We are confident that their capable efforts will soon translate into the kind of peer-leading performance that we have historically achieved.

In June 2016, we celebrated an important milestone in our corporate history; the 10-year anniversary of the first trading of VNH shares on London's AIM Market. Another significant event occurred on the occasion of the Annual General Meeting of our shareholders in Zurich on 15 September 2016, when we enjoyed a very uplifting keynote address by André Borschberg. Andre was co-pilot with Bertrand Piccard of the solar energy powered airplane, Solar Impulse and co-founder of the Solar Impulse project. His animated presentation of the pioneering global venture and of the quantum leap it made for the use of clean technology was an inspiration.

The 11th VNH Forum and Workshop in December 2016 in Ho Chi Minh City was titled "Carbon Footprint: Corporate Solutions for Sustainable Growth". It was led by Mr. Nick Beglinger, Co-Founder and CEO of Cleantech21 and featured a panel of specialists in the field of climate change and clean energy. After highlighting the risks and challenges climate change presents to Vietnam, the well attended event provided leading members of the local business community with provocative and novel views of how it also offers new opportunities to their businesses.

Investment Manager's Report
Continued

You will find more on this latest Forum event in the Climate Change section of this interim report.

The following section also presents additional insights into our sustainable investment activities over the last six months. Importantly, it addresses a major challenge to Vietnam's political process; deciding what incremental energy sources the country will use in order to support its impressive GDP growth forecast. The achievement of that goal and the future success of our impressive emerging market depend on the answers.

Allow me to join Mrs. Kupfer and my colleagues in thanking all of our stakeholders for their continued loyalty and support. You remain our inspiration.

Jean-Christophe Ganz, Chairman
VietNam Holding Asset Management Limited
25 January 2017

The panel of the **11th VNH Forum** held in Ho Chi Minh City (from left to right): Vu Quang Thinh (VNHAM), Tran Anh Dao (Ho Chi Minh Stock Exchange), Nick Beglinger (Cleantech 21), Nguyen Dang Anh Thi (IFC) and Dang Thi Hong Hanh (Vietnam Energy and Environment Consultancy).

Nick Beglinger speaking about the global climate change challenge and the benefits of clean technology.

Update on Climate Change in Vietnam: Time to Dethrone King Coal

At VNH, we care deeply about environmental, social and corporate governance ("ESG") factors. We also believe that the moral good of this approach in no way compromises our ability to generate market-leading investment returns. In fact it improves it as reinforced by our multi-year NAV per share track record as compared to our peers.

In recent publications, we have focused on climate change as a significant aspect of ESG. It was the subject of an article in our 2016 annual report, and a quantitative study of our portfolio's estimated carbon footprint by South Pole Group was part of the same report. In December's VietNam Holding Forum in Ho Chi Minh City, we focused on climate change with the help of specialized outside speakers. Vietnam, we argued then, is particularly vulnerable to climate change. We also described the opportunity it has to pursue effective policies in response to that vulnerability that will ensure its long-term economic future.

Like all of ESG, the world of climate change is not standing still. Since it first became an issue there have been several very positive international climate change developments. Here are a few:

- The cost of solar energy has become very competitive, with prices as low as USD 0.03 per kilowatt-hour, after a 60% fall over the past five years. Conventional wisdom is that they are likely to fall another 50% over the next ten years. Solar is already more competitive than oil or coal for power generation, though not yet as economical as LNG or gas.
- A total of 48 nations have committed to 100% renewable energy by 2050. Another 114, responsible for 79% of global greenhouse gas emissions, have already ratified the Paris COP21 agreement.
- Total investment funds making divestment from fossil fuels as a core policy have doubled to USD 5tn in just a year. There has been an increasing realization by the global private sector that climate change represents an enormous opportunity for agile and innovative businesses.

Our keynote speaker at the December VNH Forum and workshop, Mr. Nick Beglinger, the CEO of Swiss-based environmental pioneer Cleantech21, made a special case for two Vietnamese policy prescriptions. First, he proposed a broadly revenue-neutral carbon tax, and second, an aggressive revision of the national power plan. The current plan calls for coal-fired installed capacity to be increased dramatically from 9.7GW (28% of the overall power generation sourcing mix) in 2014 to 55.2GW (43%) in 2030.

Some may think that a carbon tax can only work in developed nations and not in an emerging market like Vietnam. We beg to differ. We believe that if Vietnam were bold and visionary enough to pursue it, international agencies would enthusiastically contribute to the effort to establish it. There are other factors in favor of Vietnam achieving major projects like this. They include a stable, authoritarian government, and the greater potential for new industries that only underdeveloped economies offer. We highlighted another example of this potential in our last annual report. As a nation with only 2% car penetration, if Vietnam would move aggressively to support electric vehicles with the right directives and incentives, then by 2030 it could be one of the most electric vehicle dominated countries on earth. The car company with the largest market share in Vietnam is Toyota - a company whose global clean energy revenues of USD 40bn are said to be the world's largest. The pieces to the puzzle lie right before our eyes. They just need to be put together. These things aren't easy to achieve, but the potential for truly radical progress is clear.

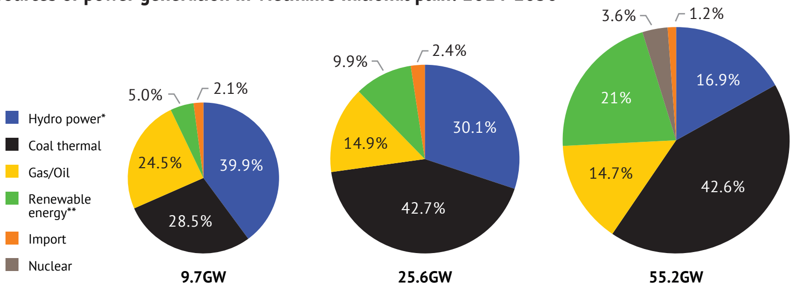
> "Some may think that a carbon tax can only work in developed nations and not in an emerging market like Vietnam. We beg to differ."

In December, Mr. Beglinger also called attention to Vietnam's appalling coal-fired power expansion plans. The objective to quintuple production from this source over the next 15 years is totally inconsistent with Vietnam's professed goal to be 100% energy renewable by 2050. Indeed, if this plan is not revised, it would suggest that Vietnam is essentially in "lip service" mode with respect to COP21, leaving all remedial action up to other nations. We understand the plan is being revised and hope for a truly radical revision. Vietnam needs it.

Update on Climate Change in Vietnam: Time to Dethrone King Coal

Contiuned

Sources of power generation in Vietnam's national plan: 2014-2030



(Additional 45.5 GW of coal thermal in 16 years)

Installed Capacity	2014	2020	2030
	34GW	60GW	129.5GW

Source: Vietnam General Department of Energy * including storage hydro power ** including small hydro power

> **"We will continue to encourage our investee companies to proceed beyond the regulatory requirements and include such data in their reporting."**

As shown in the 2016 report prepared by South Pole Group, our portfolio has just one third the carbon intensity per dollar invested than that of the overall Vietnamese stock market. In the six months since the report, our investee companies have made further environmental progress. Four of our investee companies are ranked by the government in the top ten most sustainable companies in Vietnam: Vinamilk, Traphaco, Phu Nhuan Jewelry and FPT.

In 2016 the annual reports of listed companies in Vietnam will for the first time be subject to compulsory ESG reporting rules. This is a good start, but these rules do not require quantitative reporting of greenhouse gas emissions, waste or any biodiversity impact. As in the past, we will continue to encourage our investee companies to proceed beyond the regulatory requirements and include such data in their reporting. This voluntary initiative in these matters will improve their perceived long-term quality and increase their attractiveness to investors. No companies are yet reporting their carbon footprint and less than ten in the country are known to be actually working to achieve the capability. The door to great progress is wide open.

At our December forum, Mr Nguyen Dang Anh Thi, Green Technologies Consultant to the IFC, made an impressive presentation, which ended with an inspirational quote by Henry Ford: "The competitor to be feared is one who never bothers about you at all, but goes on making his own business better all the time". If Vietnamese policy makers and businesses take this approach to pursue low pollution and greenhouse gas emitting businesses, Vietnam can turn the threat of climate change into an unparalleled opportunity. We are prepared to help it do so.

Statement of Financial Position

as at 31 December 2016

	Note	Unaudited As at 31.12.16 USD	Unaudited As at 31.12.15 USD	Audited As at 30.06.16 USD
Assets				
Cash and cash equivalents		4,425,655	3,739,479	5,281,215
Investments in securities at fair value	3	141,953,427	123,780,871	143,391,112
Accrued dividends and interest		192,038	300,230	832,445
Receivables on sale of investments		136,899	408,167	3,055,954
Other receivables		2,168	9,874	24,840
Prepiad Expenses		7,500	-	-
Total assets		**146,717,687**	**128,238,621**	**152,585,566**
Equity				
Share capital	5	105,678,685	110,393,491	105,477,448
Retained earnings		40,218,332	17,680,889	41,398,421
Total equity, representing net assets attributable to shareholders		**145,897,017**	**128,074,380**	**146,875,869**
Liabilities				
Payables on purchase of investments		618,957	129,416	1,124,964
Other payables		130	133	137
Accrued expenses		60,294	34,692	4,584,596
Payables on Redemption		141,289	-	-
Total liabilities		820,670	164,241	5,709,697
Total equity and liabilities		**146,717,687**	**128,238,621**	**152,585,566**

The financial statements on pages 16 to 19 were approved by the Board of Directors on 25 January 2017 and were signed on its behalf by

Min-Hwa Hu Kupfer
Chairperson of the Board of Directors

Nguyen Quoc Khanh
Chairman of the Audit Committee

The accompanying notes form an integral part of these financial statements.

Statement of Comprehensive Income

for the six-month period from 1 July 2016 to 31 December 2016

	Note	Unaudited 01.07.16 – 31.12.16 USD	Unaudited 01.07.15 – 31.12.15 USD	Audited 01.07.15 – 30.06.16 USD
Interest income		53,474	22,853	76,657
Dividend income from equity securities at fair value through profit or loss		2,542,511	1,775,833	4,247,751
Net gain from equity securities at fair value through profit or loss	7	(1,538,747)	7,783,360	35,428,336
Net foreign exchange loss		(64,394)	(65,181)	(44,734)
Net investment income		**992,844**	**9,516,865**	**39,708,010**
Investment management fees	8	1,449,026	1,207,770	2,460,388
Incentive fees	8	-	-	4,542,553
Advisory fees		54,000	74,000	143,345
Administrative and accounting fees	10	52,271	40,601	95,073
Custodian fees	9	80,812	56,228	122,024
Directors' fees and expenses	8	175,000	135,000	376,336
Brokerage fees		35,000	34,500	67,734
Audit fees		20,000	19,000	40,580
Publicity and investor relations fees		108,500	68,000	103,772
Insurance costs		7,500	7,750	15,500
Administrative expenses		93,324	92,598	206,643
Risk management expenses		75,000	50,000	45,884
Technical assistance for investee companies		22,500	35,000	74,228
Total operating expenses		**2,172,933**	**1,820,447**	**8,294,060**
Change in net assets attributable to shareholders		**(1,180,089)**	**7,696,418**	**31,413,950**

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity

for the six-month period from 1 July 2016 to 31 December 2016

	Share capital USD	Reserve for own shares USD	Retained earnings USD	Total USD
Balance at 1 July 2015	125,788,264	(11,413,200)	9,984,471	124,359,535
Total comprehensive income for the period				
Change in net assets attributable to shareholders	-	-	7,696,418	7,696,418
Total comprehensive income	**-**	**-**	**7,696,418**	**7,696,418**
Contributions and distributions				
Issuance of ordinary shares	58,089	-	-	58,089
Shares cancellation	(467,243)	467,243	-	-
Repurchase of own shares (note 5)	-	(3,642,774)	-	(3,642,774)
Warrants issuance cost	(396,888)	-	-	(396,888)
Total contributions and distributions	**(806,042)**	**(3,175,531)**	**-**	**(3,981,573)**
Balance at 31 December 2015	**124,982,222**	**(14,588,731)**	**17,680,889**	**128,074,380**
Balance at 1 July 2016	125,521,247	(20,043,799)	41,398,421	146,875,869
Total comprehensive income for the period				
Change in net assets attributable to shareholders	-	-	(1,180,089)	(1,180,089)
Total comprehensive income	**-**	**-**	**(1,180,089)**	**(1,180,089)**
Contributions and distributions				
Issuance of ordinary shares	2,490,579	-	-	2,490,579
Shares cancellation	-	-	-	-
Repurchase of own shares (note 5)	-	(2,289,342)	-	(2,289,342)
Warrants issuance cost	-	-	-	-
Total contributions and distributions	**2,490,579**	**(2,289,342)**	**-**	**201,237**
Balance at 31 December 2016	**128,011,826**	**(22,333,141)**	**40,218,332**	**145,897,017**

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows

for the six-month period from 1 July 2016 to 31 December 2016

	Note	Unaudited 01.07.16– 31.12.16 USD	Unaudited 01.07.15– 31.12.15 USD	Audited 01.07.15– 30.06.16 USD
Cash flows from operating activities				
Change in net assets attributable to shareholders		(1,180,089)	7,696,418	31,413,950
Adjustments to reconcile change in net assets attributable to shareholders to net cash from operating activities:				
Interest income		(53,474)	(22,853)	(76,657)
Dividend income		(2,542,511)	(1,775,833)	(4,247,751)
Net gain from equity securities at fair value through profit or loss		1,538,747	(7,783,360)	(35,428,336)
Purchase of investments		(29,689,775)	(29,324,445)	(47,964,534)
Proceeds from sale of investments		29,082,706	33,255,577	60,925,949
Net foreign exchange loss		64,394	65,181	44,734
Decrease/(Increase) in receivables on sale of investments		2,911,511	204,205	(2,435,831)
(Decrease)/Increase in accrued expenses		(2,033,723)	(615,502)	4,006,184
(Decrease)/Increase in other payables		141,282	(11)	(7)
Dividends received		3,205,169	1,998,652	3,915,525
Interest received		53,769	-	53,973
Net cash from/(used in) operating activities		**1,498,006**	**3,698,029**	**10,207,199**
Cash flows from financing activities				
Issuance of ordinary shares*		-	-	-
Repurchase of own shares	5	(2,289,342)	(3,642,774)	(8,630,599)
Warrants issuance cost		-	(396,888)	(396,888)
Net cash (used in)/from financing activities		**(2,289,342)**	**(4,039,662)**	**(9,027,487)**
Net increase/(decrease) in cash and cash equivalents		**(791,336)**	**(341,633)**	**1,179,712**
Cash and cash equivalents at beginning of the year		5,281,215	4,146,270	4,146,270
Effect of exchange rate fluctuations on cash held		(64,224)	(65,158)	(44,767)
Cash and cash equivalents at end of the year		**4,425,655**	**3,739,479**	**5,281,215**

Significant non-cash transaction:
* On 18 August 2016, the Company announced that in partial payment of the incentive fee due to VietNam Holding Asset Management Limited ("VNHAM"), the Company's Investment Manager, for the year ended 30 June 2016, it had agreed that 631,684 ordinary shares of US$1.00 each in the Company ("Ordinary Shares") then held as treasury shares would be transferred to VNHAM (the "Transfer"). The Transfer took place with effect from 12 October 2016.

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements

for the six-month period from 1 July 2016 to 31 December 2016

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 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 in April 2015 VNH shareholders voted in favour of the continuance resolution, authorising the Company to operate in its current form through to the 2018 Annual General Meeting when a similar resolution will be put forward for shareholders' approval.

VietNam Holding Asset Management Limited ("VNHAM") 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 Collas Crill Corporate Services Limited, Floor 2, Willow House, Cricket Square, PO Box 709, George Town, Grand Cayman, Cayman Islands, KY1-1107.

2 PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

(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 Company's shares were issued in USD and the listings of the shares on the AIM market of the London Stock Exchange are 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 Board considers the USD as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in USD, which is the Company's functional currency.

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.

Notes to the Financial Statements

for the six-month period from 1 July 2016 to 31 December 2016

2 PRINCIPAL ACCOUNTING POLICIES (continued)

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.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(c) Foreign currency translation

Transactions in foreign currencies other than the functional currency are translated at the rate ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated to USD at the rates ruling on the year-end date. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are included in the statement of comprehensive income. Foreign currency exchange differences relating to financial instruments at fair value through profit or loss are included in the realised and unrealised gains and losses on those investments. All other foreign currency exchange differences relating to other monetary items, including cash and cash equivalents, are included in net foreign exchange gains and losses in the statement of comprehensive income.

(d) Financial instruments

(i) Classification

The Company classifies all its investments as financial assets at fair value through profit or loss category. Financial instruments are classified at fair value through profit or loss upon initial recognition. These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchange-traded equity instruments and unlisted equity instruments.

Financial assets that are classified as loans and receivables include accrued dividends.

Cash and cash equivalents are measured at amortised cost.

Financial liabilities that are not at fair value through profit or loss include accrued expenses.

(ii) Recognition

Financial assets and liabilities at fair value through profit or loss are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. Other financial assets and liabilities are recognised on the date they are originated.

Financial assets and financial liabilities at fair value through profit or loss are recognised initially at fair value, with transaction costs recognised in profit or loss. Financial assets or financial liabilities not at fair value through profit or loss are recognised initially at fair value plus transaction costs that are directly attributable to their acquisition or issue.

(iii) Derecognition

A financial asset is derecognised when the Company no longer has control over the contractual rights that comprise that asset. This occurs when the rights are realised, expire or are surrendered.

Financial assets that are sold are derecognised, and the corresponding receivables from the buyer for the payment are recognised on the trade date, being the date the Company commits to sell the assets.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(iv) Measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

Notes to the Financial Statements

for the six-month period from 1 July 2016 to 31 December 2016

2 PRINCIPAL ACCOUNTING POLICIES (continued)

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Company measures instruments quoted in an active market at last traded price.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Company recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

As at 31 December 2016, 2.04% (2015: 0.0%) of the valuations of the net assets of the Company were based on quotes obtained from brokers.

As at 31 December 2016, 1.27% (2015: 1.47%) of the valuations of the net assets of the Company were based on valuation techniques.

Any increases or decreases in values are recognised in the statement of comprehensive income as an unrealised gain or loss.

(v) Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of financial instruments are recognised in the statement of comprehensive income.

(vi) Impairment

Financial assets that are stated at cost or amortised cost are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the statement of comprehensive income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the impairment is reversed through the statement of comprehensive income.

(vii) Cash and cash equivalents

Cash comprises current deposits with banks and fixed deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(e) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Company has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis or simultaneously, e.g. through a market clearing mechanism.

(f) Amounts due to/from brokers

Amounts due to/from brokers represent security purchases and sales transactions which are contracted for but not yet delivered at the end of the accounting period.

(g) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effect.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

Notes to the Financial Statements

for the six-month period from 1 July 2016 to 31 December 2016

2 PRINCIPAL ACCOUNTING POLICIES (continued)

(h) Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

At present, no income, profit, capital, or capital gain taxes are levied in the Cayman Islands, and accordingly, no provision for such taxes has been recorded by the Company in the accompanying financial statements. In the event that such taxes are levied, the Company has received an undertaking from the Governor in Cabinet of the Cayman Islands exempting it from all such taxes for a period of twenty years from 2 May 2006.

The Company is liable to Vietnamese tax of 0.1% (2015: 0.1%) on the sales proceeds of the onshore sale of equity investments.

(i) Interest income and expense

Interest income and expense is recognised in the statement of comprehensive income using the effective rate method.

Interest income includes the amortisation of any discount or premium on zero coupon bonds, which is taken as income on the basis of yield to redemption, from the date of purchase.

(j) Dividend income

Dividend income is recognised in profit or loss on the date on which the right to receive payment is established. For quoted equity securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date on which the shareholders approve the payment of a dividend. Dividend income from equity securities designated as at fair value through profit or loss is recognised in profit or loss in a separate line item.

(k) Fee and commission expense

Fees and commission expenses are recognised in profit or loss as the related services are performed.

Notes to the Financial Statements

for the six-month period from 1 July 2016 to 31 December 2016

3 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

Financial assets of the Company include investments in securities, cash and cash equivalents and accrued income. Financial liabilities comprise payables on purchase of investments and accrued expenses. Accounting policies for financial assets and liabilities are set out in note 2.

The Company's investment activities expose it to various types of risk that are associated with the financial instruments and the markets in which it invests. The most important types of financial risk to which the Company is exposed are market risk, currency risk, interest rate risk, credit risk and liquidity risk.

Asset allocation is determined by the Company's Investment Manager who manages the distribution of the assets to achieve the investment objectives. Divergence from target asset allocations and the composition of the portfolio is monitored by the Investment Manager.

Market risk

Market risk is the risk that the value of a financial asset will fluctuate as a result of changes in market prices, whether or not those changes are caused by factors specific to the individual asset or factors affecting all assets in the market. The Company is predominately exposed to market risk within its securities purchased in the Vietnamese market.

The overall market positions are monitored continuously by the Investment Manager and at least quarterly by the Board.

The Company's investments in securities are exposed to market risk and are disclosed by the following generic investment types:

	Unaudited as at 31.12.16		Unaudited as at 31.12.15		Audited as at 30.06.16	
	Fair value in USD	% of net assets	Fair value in USD	% of net assets	Fair value in USD	% of net assets
Investments in listed securities	137,248,541	94.1	121,964,856	95.2	141,479,379	96.3
Investments in unlisted securities	4,704,886	3.2	1,816,015	1.4	1,911,733	1.3
	141,953,427	**97.3**	**123,780,871**	**96.6**	**143,391,112**	**97.6**

At 31 December 2016, a 5% reduction in the market value of the portfolio would have led to a reduction in NAV and profit or loss of USD 7,097,671 (2015: USD 6,189,044). A 5% increase in market value would have led to an equal and opposite effect on NAV and profit or loss.

Currency risk

The Company may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Company is exposed to risks that the exchange rate of its currency relative to other currencies may change and have an adverse effect on the value of the Company's assets or liabilities denominated in currencies other than USD.

The Company's net assets are calculated every month based on the most up to date exchange rates while the general economic and foreign currency environment is continuously monitored by the Investment Manager and reviewed by the Board at least once each quarter.

The Company may enter into arrangements to hedge currency risks if such arrangements become desirable and practicable in the future in the interest of efficient portfolio management.

As at 31 December 2016, the Company had the following foreign currency exposures:

		Fair value	
	Unaudited as at 31.12.2016 USD	Unaudited as at 31.12.2015 USD	Audited as at 30.06.2016 USD
Vietnamese Dong	142,945,952	126,290,631	149,607,240
Pound Sterling	692	3,017	748
Swiss Franc	(18)	15,845	-
Euro	2,198	7,226	2,319
	142,948,824	**126,316,719**	**149,610,307**

At 31 December 2016, a 5% reduction in the value of the Vietnamese Dong, Pound Sterling, Swiss Franc, Euro versus the US Dollar would have led to a reduction in NAV and profit or loss of USD 7,147,441 (2015: USD 6,315,836). A 5% increase in value would have led to an equal and opposite effect.

Notes to the Financial Statements

for the six-month period from 1 July 2016 to 31 December 2016

3 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The majority of the Company's financial assets are non-interest-bearing. Interest-bearing financial assets and interest-bearing financial liabilities mature or reprice in the short-term, no longer than twelve months. As a result, the Company is subject to limited exposure to interest rate risk due to fluctuations in the prevailing levels of market interest rates.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company.

At 31 December 2016, the following financial assets were exposed to credit risk (including settlement risk): cash and cash equivalents, accrued dividend, receivable from sale of investments and other receivables. The total amount of financial assets exposed to credit risk amounted to USD 4,756,760 (2015: USD 4,457,750).

Substantially all of the assets of the Company are held by the Company's custodian, Standard Chartered Bank, Singapore Branch. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to cash and securities held by the custodian to be delayed or limited. The Company monitors its risk by monitoring the credit quality and financial positions of the custodian the Company uses.

Liquidity risk

The Company, a closed-end investment company, invests in companies through listings on the Vietnam stock exchanges. There is no guarantee however that the Vietnam stock exchanges will provide liquidity for the Company's investments. The Company also invests in equity securities which are not listed on stock exchanges. The Company may have to resell such investments in privately negotiated transactions.

The Company's overall liquidity risks are monitored on at least a quarterly basis by the Board. The Company is a closed-end investment company so shareholders cannot redeem their shares directly from the Company.

4 OPERATING SEGMENTS

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

The Company is domiciled in the Cayman 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 2016 and 2015. All of the Company's investment income can be attributed to Vietnam for the years ended 30 June 2016 and 2015.

5 SHARE CAPITAL

Ordinary shares of USD1 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 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 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 per ordinary share. The ISIN number of the ordinary shares is KYG9361X043.

On 23 September 2010, during VNH's annual general meeting, the shareholders first approved a Share Repurchase Programme. The approvals were renewed at the Company's annual general meetings in 2011, 2012, 2013, 2014, 2015 and 2016.

Notes to the Financial Statements

for the six-month period from 1 July 2016 to 31 December 2016

5 SHARE CAPITAL (continued)

	31.12.16 No. of shares	31.12.15 No. of shares	30.06. 16 No. of shares
Total shares issued and fully paid (after repurchases and cancellations) at beginning of the period	65,342,620	67,235,739	67,235,739
Shares issued upon exercise of warrants during the period	564,471	-	35,927
Shares cancellation	(1,411,674)	(476,000)	(1,929,046)
	64,495,417	66,759,739	65,342,620
Repurchased and reserved for own shares			
At beginning of the period	(10,487,673)	(7,819,500)	(7,819,500)
During the period	(1,004,954)	(2,078,240)	(4,629,554)
Shares reissued to ordinary shares	631,684	32,335	32,335
Shares cancellation	1,411,674	476,000	1,929,046
	(9,449,269)	(9,389,405)	(10,487,673)
Total outstanding ordinary shares with voting rights	**55,046,148**	**57,370,334**	**54,854,947**

As a result, as at 31 December 2016 the Company has 55,046,148 (2015: 57,370,334) ordinary shares with voting rights in issue (excluding the reserve for own shares), and 10,296,472 (2015: 9,389,405) 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 Board of Directors may redeem 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.

Warrants

On 19 May 2015, the Company issued a Prospectus for a bonus issue of warrants to shareholders pro rata, on the basis of one warrant for every three ordinary shares held. The exercise dates of these warrants will be on 1 June 2016, 1 December 2016 and 1 June 2017 with the exercise price of USD 1.998. A total of 19,977,746 warrants were issued and were listed on London Alternative Investment market. At the reporting date, 19,377,348 warrants are outstanding.

Although there can be no certainty as to whether any or all of the warrants will be exercised, if the bonus issue proceeds and all of the warrants are exercised on the exercised dates at the exercise price, the maximum net proceeds that could arise on such exercise would be approximately USD39.92 million. The net proceeds arising on the exercise of the warrants will be invested in accordance with the Company's investment policy.

6 NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

Total equity of 145,897,017 (2015: USD128,074,380) represents net assets attributable to shareholders. There is no difference between net assets attributed to shareholders calculated as per the prospectus and in accordance with the Company's policy (2015: none).

7 NET GAIN FROM EQUITY SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.12.16 USD	31.12.15 USD	30.06.16 USD
Net gain from equity securities at fair value through profit or loss:			
Realised gain	8,975,855	1,761,505	2,625,360
Adjustment to fair value of equity securities at fair value through profit or loss	(10,514,602)	6,021,855	32,802,976
	(1,538,747)	**7,783,360**	**35,428,336**

8 RELATED PARTY TRANSACTIONS

Investment management fees

The Company's Shareholders approved an amendment to the Investment Manager Agreement as detailed in the Company's circular dated 16 August 2013. Pursuant to the amended 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 100 million, one-twelfth of two per cent.;
- On the amount of the Net Asset Value of the Company above USD 100 million up to and including USD 150 million, one-twelfth of 1.75 per cent.; and
- On the amount of the Net Asset Value of the Company that exceeds USD 150 million, one-twelfth of 1.50 per cent.

Notes to the Financial Statements

for the six-month period from 1 July 2016 to 31 December 2016

8 RELATED PARTY TRANSACTIONS (continued)

The management fee accruing to the Investment Manager for the six month period to 31 December 2016 was USD 1,449,026 (2015: USD 1,207,770).

Incentive fees

The Company will pay the Investment Manager an incentive fee equal to 15 per cent of the Excess Performance amount each year, subject to certain criteria being met. The fee is calculated and payable as set out in the Investment Management Agreement Side Letter dated 11 September 2013. Excess performance amount is calculated as follows:

Excess Performance amount = (A - B) x C

Where:

A is the closing NAV per share as at the end of the reporting period

B is equal to the higher of:

- (i) the Initial High Water Mark (i.e. 30 September 2013 NAV per share increased by 8%) increased by five per cent per annum on a compound basis; and
- (ii) the highest previous value for A in respect of a reporting period in which an incentive fee was paid, increased by five per cent per annum on an compound basis.

C is equal to the time weighted average number of shares in issue as at the end of the reporting period

	Six-month period ended 31.12.16 USD	Six-month period ended 31.12.15 USD	Year ended 30.06.16 USD
Performance fee	-	-	4,542,553

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 peiod for the Directors fees were USD 115,000 (2015: USD 75,000) and expenses were USD60,000 (2015: USD 60,000).

Directors' ownership of shares and warrants

As at 31 December 2016, three Directors, Min-Hwa Hu Kupfer, Nguyen Quoc Khanh and Rolf Dubs held 36,667 (2015: 36,667), 13,468 (2015: 10,000) and 51,451 (2015: 30,000) ordinary shares of the Company respectively, representing 0.07% (2015: 0.06%), 0.02% (2015: 0.02%) and 0.09% (2015: 0.05%) of the total ordinary shares outstanding.

During the period, Min-Hwa Hu Kupfer, Nguyen Quoc Khanh and Rolf Dubs excercised nil (2015: nil), nil (2015: nil) and nil (2015:nil) warrants to subscribe for ordinary shares, amounting to nil (2015: nil) and 0% (2015: nil) of the total warrants issued respectively.

9 CUSTODIAN FEES

Custodian fees are charged at a minimum of USD 12,000 per annum and received as a fee at 0.08% on the assets under administration ("AUA") per annum. Custodian fees comprise safekeeping fees, transaction fees, money transfer fees and other fees. Safekeeping of unlisted securities up to 20 securities is charged at USD 12,000 per annum. Transaction fees, money transfers fees and other fees are charged on a transaction basis.

The charges for the six month period for the Custodian fees were USD 80,812 (2015: USD 56,228).

Notes to the Financial Statements

for the six-month period from 1 July 2016 to 31 December 2016

10 ADMINISTRATIVE AND ACCOUNTING FEES

The administrator receives a fee of 0.07% per annum for AUA less than USD 100,000,000; or 0.06% per annum for AUA greater than USD 100,000,000 calculated on the basis of the net assets of the Company, subject to an annual minimum amount of USD 5,500 per month.

The charges for the six month period for the Administration and Accounting fees were USD 52,271 (2015: USD 40,601).

11 CONTROLLING PARTY

The Directors are not aware of any ultimate controlling party as at 31 December 2016 or 31 December 2015.

12 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 fair value due to the immediate or short term nature of these financial instruments.

Other financial instruments are measured at fair value on the statement of comprehensive income.

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
As at 31.12.16				
Financial assets classified at fair value upon initial recognition				
Investments in securities	137,248,541	-	4,704,886	141,953,427
As at 31.12.15				
Financial assets classified at fair value upon initial recognition				
Investments in securities	121,964,856	-	1,816,015	123,780,871

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.

Notes to the Financial Statements

for the six-month period from 1 July 2016 to 31 December 2016

12 FAIR VALUE INFORMATION (continued)

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

Investment type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Convertible bond	• Discounted cash flows (in valuing the straight bond); and • Black-Scholes model (in valuing the conversion feature)	• Risk-adjusted discount rate (2016: 9.9%; 2015: nil) • Dividend yield (2016: 6.28%; 2015: nil)	The estimated fair value will increase (decrease) if: • The risk-adjusted discount rate was lower (higher); • The dividend yield was lower (higher)

Although the Company believes that its estimates of fair value are appropriate, the use of different assumptions could lead to different measurements of fair value. Management considers that any reasonably possible changes to the unobservable input will not result in a significant financial impact.

Level 3 reconciliation

Financial assets designated at fair value through profit or loss	01.07.16 - 31.12.16 USD	01.07.15 - 31.12.15 USD
Balance at 1 July	**1,911,733**	**-**
Sales	-	-
Purchases	2,956,592	1,790,510
Transfers to level 1	-	-
Total gains and losses recognised in profit or loss *	(163,439)	25,505
Balance at 31 December	**4,704,886**	**1,816,015**

* Total gains or losses recognised in profit or loss for assets and liabilities held at the end of the reporting period, as included in the statement of comprehensive income.

13 CLASSFICATIONS AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The table below provides a breakdown of the line items in the Company's statement of financial position to the categories of financial instruments.

	Note	Fair value through profit or loss USD	Loans and receivables USD	Other liabilities USD	Total carrying amount USD
2016					
Cash and cash equivalents		-	4,425,655	-	4,425,655
Investments in securities at fair value	3	141,953,427	-	-	141,953,427
Accrued dividends and interest		-	169,787	-	169,787
Receivables from sale of investments		-	136,899	-	136,899
Other receivables		-	31,919	-	31,919
		141,953,427	4,764,260	-	146,717,687
Payables on purchase of investments		-	-	618,957	618,957
Other payables		-	-	141,419	60,294
Accrued expenses		-	-	60,294	141,419
		-	**-**	**820,670**	**820,670**
2015					
Cash and cash equivalents		-	3,739,479	-	3,739,479
Investments in securities at fair value	3	123,780,871	-	-	123,780,871
Accrued dividends and interest		-	300,230	-	300,230
Receivables from sale of investments		-	408,167	-	408,167
Other receivables		-	9,874	-	9,874
		123,780,871	4,457,750	-	128,238,621
Payables on purchase of investments		-	-	129,416	129,416
Other payables		-	-	133	133
Accrued expenses		-	-	34,692	34,692
		-	**-**	**164,241**	**164,241**

Notes to the Financial Statements

for the six-month period from 1 July 2016 to 31 December 2016

14 EARNINGS PER SHARE

The calculation of earnings per share at 31 December 2016 was based on the change in net assets attributable to ordinary shareholders of USD -1,180,089 (2015: USD 7,696,418) and the weighted average number of shares outstanding of 54,873,582 (2015: 62,024,773).

15 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2015, and have not been applied in preparing these financial statements. Those that may be relevant to the Company are set out below. The Company is currently assessing the potential impact of adopting these new standards and interpretations on the financial statements of the Company. The Company does not plan to adopt these standards early.

- 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. IFRS 9 is mandatory for adoption by the Company on 1 January 2018.

Key Parties

Directors
Min-Hwa Hu Kupfer
Professor Dr. Rolf Dubs
Nguyen Quoc Khanh

Investment Manager
VietNam Holding Asset Management Limited
c/o Collas Crill Corporate Services Limited
Floor 2, Willow House
Cricket Square
PO Box 709
George Town, Grand Cayman
Cayman Islands, KY1-1107

Registered Office, Company Secretary and Cayman Islands Legal Advisor
c/o Collas Crill Corporate Services Limited
Floor 2, Willow House
Cricket Square
PO Box 709
George Town, Grand Cayman
Cayman Islands, KY1-1107

Nominated Advisor (AIM)
Smith & Williamson
Corporate Finance Limited
25 Moorgate
London EC2R 6A Y
United Kingdom

Corporate Broker (AIM)
Winterflood Investment Trusts
The Atrium Building
Cannon Bridge House
25 Dowgate Hill
London EC4R 2GA
United Kingdom

Administrator, Custodian and Trustee
Standard Chartered Bank
7 Changi Business Park Crescent
Level 3, Securities Services
Singapore 486028

Registrar
Capita Registrars
34 Beckenham Road
Beckenham, Kent BR3 4TU
United Kingdom

UK Legal Adviser
Dickson Minto W.S.
Broadgate Tower
20 Primrose Street
London EC2A 2EW
United Kingdom

Independent Auditor
KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Signatory of:

PRI Principles for Responsible Investment

VietNam Holding became a signatory of the UN Principles for Responsible Investment (PRI) in 2009. Our investment practices and corporate behavior incorporate environmental, social and corporate governance issues. We promote the principles in our markets and align the fund's goals with the broader objectives of sustainable progress.

FSC

Designed and produced by Mediasterling:
www.mediasterling.com

www.vietnamholding.com

VietNam Holding Ltd

c/o Collas Crill Corporate Services Limited
Floor 2, Willow House, Cricket Square
PO Box 709
George Town, Grand Cayman
Cayman Islands, KY1-1107