



VIETNAM HOLDING

Annual Report 2015





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Our efforts to reduce the discount of the share price to NAV per share saw further progress, with the discount ending the financial year at 13.0%, down from 23.9% at its start. The company bought back 3.37mn shares during the year, bringing its total shares outstanding at 30 June 2015 to 59.42mn (plus 7.82mn treasury shares).

Min-Hwa Hu Kupfer, Chairperson
VietNam Holding Limited



Performance

1 July 2014 to 30 June 2015



NAV per share



VNH Share Price

7.6% NAV outperformance of benchmark VNAS
USD adjusted

Share price discount to NAV: improved from
23.9% to 13.0%.

The ongoing actions to increase the Foreign Ownership Limits on shares of public companies are likely to become a catalyst for Vietnam's graduation from frontier to emerging market status in the MSCI indices. This is in fact one of the government's stated objectives. Previous cases of countries ascending to the emerging stock market status have resulted in increased inward flows of foreign indirect investments, which in turn helped companies to raise the additional capital needed to support higher growth.

Jean-Christophe Ganz, Chairman
VietNam Holding Asset Management Limited



Chairperson’s Statement

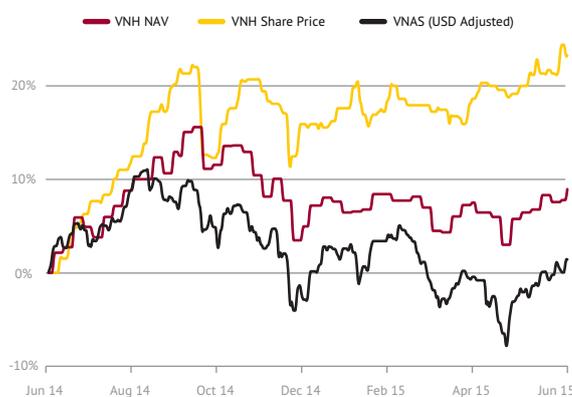
We remain committed to ensuring that VNH is the investment vehicle of choice for long term, value-oriented Vietnamese equity market investors.

Dear Shareholders,

Our financial year ended 30 June 2015 was successful, with an NAV per share increase of 9.0% to USD 2.093 and a share price increase of 23.3% to USD 1.803. The Vietnam All Share Index (VNAS), the benchmark we use for reference, increased in USD terms by 1.4% for the full 12-month period ending the financial year at 575.4.

Our efforts to reduce the discount of the share price to NAV per share saw further progress, with the discount ending the financial year at 13.0%, down from 23.9% at its start. The company bought back 3.37mn shares during the year, bringing its total shares outstanding at 30 June 2015 to 59.42mn (plus 7.82mn treasury shares).

1-Year Performance Comparison (Relative change in %)



Sources: Bloomberg and VNHAM. 1 July 2014 to 30 June 2015.

In April 2015 an EGM approved a bonus issue of warrants (totalling 19.98mn) to all shareholders: 1 warrant per 3 shares held, record date 20 May 2015, exercise price USD 1.998 (equal to the NAV per share on 31 March 2015), exercise dates 1 June 2016, 1 December 2016, and 1 June 2017. We believe it is a propitious time to be raising the company’s capital for further investing in Vietnamese equities, given the broadly positive long term economic cycle in Vietnam, the still relatively attractive valuations in the market, and the renewed impetus for economic reform among Vietnamese policy makers.

VietNam Holding’s ongoing good performance was strongly supported by a rising GDP growth rate (reaching 6.4% YoY by the second quarter of calendar 2015), benign inflation (running now at only 1% YoY), and a reasonably stable exchange rate (VND 21,821 at time of this writing, after two 1% devaluations so far this calendar year). This solid economic performance was supported by an eighth straight year of impressive foreign direct investment inflow (USD 9-12bn disbursed per year, one of the highest figures relative to GDP in the world). Other factors were the continued strong inward remittances (USD 12bn per year, also a large number relative to GDP), continued export growth (9% in 1H2015), and improved forex reserves of USD 35-40bn.

Vietnam’s successful macroeconomic stabilization has been complemented by the increasing delivery of structural reform measures over the past year. These included the updating of bankruptcy, property and enterprise laws, rationalization in the banking sector, and the establishment of the government-owned Vietnam Asset Management Company (VAMC), which successfully warehoused a large number of bank NPL’s.

Although state-owned enterprises have been the subject of a renewed privatization effort, they failed to reach the government’s 2015 target of 289 partial sales (recently reduced to 171 - also likely to be unachieved). This was disappointing, but an improvement compared to the 2008-13 period. Finally and most welcome, Vietnam is moving to raise foreign ownership limits in its stock market, from the general 49% limit to as much as 100%.

As an active market participant, VietNam Holding supports the government’s introduction of further reforms and market liberalization, including the planned launch of a derivatives market by 2016. As more financial instruments are developed and become readily available, our investment management team will continue to explore and to test their applicability in hedging our underlying equity portfolio.

“Vietnam’s successful macroeconomic stabilization has been complemented by the increasing delivery of structural reform measures over the past year.”

Vietnam's policy makers deserve credit for restoring monetary and macroeconomic stability. It is this big-picture transformation that has enabled almost four years of rising Vietnamese equities: a 64.6% appreciation in local currency for the VNAS from the end of 2011 to 30 June 2015. This economic and market rebound has provided the very positive backdrop for VietNam Holding's achievement of a cumulative +104.2% NAV increase and a growth in share price of 141.1% over the same period.

“It is encouraging to note that in the last six years, VietNam Holding is the only one of its peers with its NAV reaching a top-two performance in each of the comparison periods.”

Vietnam Fund Universe – Historical NAV Performance

As illustrated below, the NAV performance of VNH in the past year ranked second among 11 Vietnam country funds that have been invested in Vietnamese equities for at least five years. It is also encouraging to note that in the last six years, VietNam Holding is the only one of its peers with its NAV reaching a top-two performance in each of the comparison periods. We believe that our track record of consistently generating competitive returns can be best explained by the long-term value approach of the investment manager and its theme-based asset allocation strategy combined with a strong focus on sustainability.

Period	Rank 1	Rank 2	Rank 3
1 year	VEIL: 9.5%	VNH: 9.0%	VEH: 6.6%
2 years	VNH: 35.9%	VEEF: 31.6%	VEH: 30.7%
3 years	VNH: 73.1%	JPM: 56.7%	VEIL: 52.8%
4 years	VNH: 99.9%	VEH: 77.9%	JPM: 70.1%
5 years	JPM: 65.4%	VNH: 59.3%	VEH: 54.9%
6 years	JPM: 91.8%	VNH: 89.2%	VOF: 52.9%

Sources: Bloomberg and company websites. As per 30 June 2015. Where 30 June data not available, closest date to 30 June is used. Funds covered: VNH, Lumen Vietnam Fund, PXP Vietnam Emerging Equity Fund (VEEF), DWS Vietnam Fund, Fullerton Vietnam Fund, JPMorgan Vietnam Opportunities Fund (JPM), Vietnam Enterprise Investments Limited (VEIL), Vietnam Growth Fund (VGF), Vietnam Equity Holding (VEH), Vietnam Opportunity Fund (VOF), and Vietnam Infrastructure Fund.

On behalf of the VNH board, I wish to thank all of our shareholders for their continued support, and the VietNam Holding Asset Management team for its ongoing excellent performance. We remain committed to ensuring that VNH is the investment vehicle of choice for long term, value-oriented Vietnamese equity market investors who share our commitment to environmental concerns, corporate responsibility and transparent governance. We will cover these key ESG considerations in depth in the following sections of this annual report.

Min-Hwa Hu Kupfer, Chairperson

VietNam Holding Limited

19 August 2015



Investment Manager's Report

Bull markets never last forever, but there are good reasons to believe that Vietnam's current one will enjoy plenty of support for the coming year.

At a 12.4x historic earnings valuation as of mid-year Vietnam stands at 28% below its closest regional peer Malaysia, and lower than all other regional peers by 60% or more. The profitability of Vietnamese corporations as reflected by their average 15% equity return and 10% profit margin reflects a recovering economy that has plenty of room for further growth.

The ongoing actions to increase the Foreign Ownership Limits on shares of public companies are likely to become a catalyst for Vietnam's graduation from frontier to emerging market status in the MSCI indices. This is in fact one of the government's stated objectives. Previous cases of countries ascending to the emerging stock market status have resulted in increased inward flows of foreign indirect investments, which in turn helped companies to raise the additional capital needed to support higher growth.

In addition, recent structural reform measures presented by the government reflect Vietnam policy makers' increased commitment to achieve a vigorous modernization of the country. The number of free trade agreements signed or under negotiation, in particular the Trans-Pacific Partnership (TPP) will provide strong support to the implementation of these reforms. These free trade agreements will also provide a quantum boost to Vietnam's exports and inward direct investment. Equally important, the TPP will bring changes in the law and regulations concerning state enterprises, the environment, intellectual property, and investor protection. This should push policy makers further in the direction of transparent and progressive economic policies.

There are other directly market-related concerns to monitor. Here are a few issues that we are watching carefully:

“In spite of the key risks identified, we continue to forecast a bright long term future for the Vietnamese economy and its stock market.”

Firstly a sizeable trade deficit has reappeared this year for the first time since 2011. Export growth of 9% in the first half of the year was outstripped by a 17% growth in imports, resulting in a trade deficit for the first 6 months of over USD 6bn or 3% of GDP.

Secondly, the government's ability to finance its customary annual budget deficit of approximately 5% will be a challenge. Yet, it will also positively impact the development of the domestic fixed income market as the authorities have started expanding a long-term yield curve for government bonds. Indeed, the government issued 20-year paper for the first time this year. Meanwhile, public indebtedness is now creeping up to the government's self-imposed limit of 65% of GDP.

A third source of concern to the equity markets is the slow, but recently accelerated pace of State Owned Enterprises (SOEs) reform. The SOEs continue to negatively impact the economy due to their disproportionate absorption of scarce capital, the misallocation of their resources, and the productivity drag they cause.

Finally, there is the slow-motion resolution of the Non-Performing Loans crisis of the past five years. As noted in the Chairperson's letter, the State Bank of Viet Nam showed substantial progress over the past few quarters in using the VAMC to centrally warehouse the system's bad debts, thus restoring bank liquidity, and reviving credit growth. The stock market has reacted positively to these achievements; however, the risk of a job only half-done remains.

In spite of the key risks identified above, we continue to forecast a bright long term future for the Vietnamese economy and its stock market. The second half of this calendar year promises attractive stock market returns, and we expect this trend to continue next year.

This year's VNH annual report theme is Sustainability. Since the outset of our corporate existence, we have emphasized the promotion of good corporate governance both through the annual public Vietnam Holding Forum events as well as through our contacts with the Investee Companies in the portfolio.

Starting in 2008, we became aware of increasing environmental challenges which we believed were not sufficiently addressed. As in the case of corporate governance, we felt strongly that environmental issues would become increasingly significant risk factors for investors in Vietnam. With support and encouragement from our largest shareholders, VietNam Holding formally adopted the incorporation of the sustainable investment principles.

“We are confident that the assessment of our ESG practices and programs will lead to an even more positive impact on our portfolio companies and to increased VNH shareholder value, which remains our top priority.”

We decided to elevate ESG (i.e. Environmental, corporate Social responsibility and corporate Governance issues) analysis to the same level of importance as the traditional financial analysis in our company review process. There are no ESG reporting requirements for corporations by the stock exchange. Therefore, we engage directly with the corporate world to collect the required data and information. Each Board member of VNH and VNHAM has ‘adopted’ selected Investee Companies, which they visit at least once a year to emphasize the importance of ESG and help develop it within the companies. This allows us to engage at the companies’ top management level, obtain corporate buy-in and improve risk analysis.

Our Investee Companies achieved substantial progress over the past several years, in many different areas:

- The number of segregated CEO/Chairpersons tripled since 2012;
- 50% of our investees added independent board members;
- A third of our investees launched an investor relations team;
- 25% of investees ranked in the annual list of the Top 10 Annual Reports.

You will find company-specific ESG progress in the descriptions of each of our top 10 portfolio companies in this annual report.

In 2010, VNH had mandated the sustainability-rating agency Inrate to assess its portfolio and to provide advice and training to VNHAM analysts. The aim was to transfer sustainability knowledge and to translate major ESG issues into a Vietnamese context. As a result, our sustainability approach was tailored to the Vietnamese context.

As our market awareness and expectations continue to rise and because our ESG analytical approach is constantly progressing, we felt that a second critical review and update was necessary. Accordingly, VNH mandated Inrate to carry out a formal review of VNHAM’s ESG practices over the last six months. Inrate’s report on this Best Practice Review will be published on our website as soon as it is finalized. We are confident that this assessment of our ESG practices and programs will lead to an even more positive impact on our portfolio companies and to increased VNH shareholder value, which remains our top priority.

Jean-Christophe Ganz, Chairman
VietNam Holding Asset Management Limited
 19 August 2015



Portfolio Companies



Vinamilk's automatic milking system.



Binh Minh Plastic's products meet the highest ISO standards.



Danang Rubber is specialized in the production of truck tires.



Viconship's port in Hai Phong.



BINH MINH PLASTIC (BMP)

SHAREHOLDER PROFILE (AT 30 JUNE 2015)

State Capital Investment Corporation	30%
Foreign investors	49%
Domestic investors	21%

VIETNAM HOLDING'S INVESTMENT (AT 30 JUNE 2015)

Date of first investment	25 October 2006
Number of shares	1,813,665
Total investment	USD 6.48 million
Average purchase price	VND 33,853
% VNH shareholding	4.0%
Internal rate of return (annualized)	18.7%

TRADING INFORMATION (AT 30 JUNE 2015)

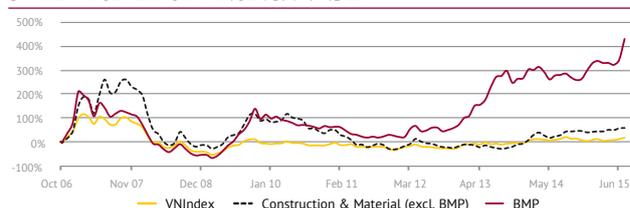
Traded on	HOSE
Date of listing	11 July 2006
Total shares outstanding	45 million
Share price	VND 78,000
52 week high	VND 79,500
52 week low	VND 61,852
Trailing P/E	9.4
Forward 2015 P/E	8.5
Price/Book	1.9

Sources: BMP annual reports and Bloomberg.

FINANCIAL HIGHLIGHTS (USD MILLION)

	2013	2014
Market capitalization	151.0	155.3
Equity capital	70.6	80.3
Revenues	99.6	113.9
Revenue growth (in VND) (%)	10.4	15.7
EBIT	23.2	22.8
NPAT	17.6	17.7
EPS (VND)	8,134	8,285
EPS growth (%)	2.6	1.9
Gross Margin (%)	29.8	27.7
EBIT Margin (%)	23.3	20.0
ROE (%)	26.8	23.7
D/E (x)	0.02	0.03
Current Ratio (x)	6.4	7.1

SHARE PRICE PERFORMANCE VS. VNINDEX



CORE BUSINESS

Binh Minh produces plastic water pipes and fittings, principally for the construction industry.

COMPANY BACKGROUND

BMP is a leading manufacturer of plastic pipes and fittings in Vietnam with a 30% market share nation-wide and a nearly 50% market share in the South. BMP has a major factory in the South contributing 90% of revenues and a newer factory in the North accounting for 10% of revenues. The company originated as a state-owned enterprise, was equitized in 2003 and listed in 2006.

KEY STRENGTHS

BMP has maintained consistent success thanks to its core competences, which include a popular brand associated with high quality products for residential and civil construction projects, an extended distribution network with approximately 1,500 outlets across Vietnam and an experienced management team dedicated to BMP's development.

BUSINESS STRATEGY AND EXECUTION

BMP's vision is to affirm its leading industry position by increasing R&D activities to enhance product quality, and innovation to better meet market demand. In addition, BMP continues to establish new outlets, especially in Vietnam's Central and Highlands areas to capture new market shares. In 2014 BMP started the construction of a new factory in the Long An Province with a production

capacity of 30,000 tons per annum (around 50% of the main factory's capacity). The first phase is expected to be completed in 4Q2015 and will increase BMP's production capacity by an additional 5,000 tons by the end of 2015.

PERFORMANCE & DEVELOPMENT

Despite a major sales discount battle in the sector, in FY2014 BMP achieved a 16% increase in revenues compared to FY2013. However, net profit showed only a slight increase of 2% due to higher input material costs. In 1H2015, BMP recorded a spectacular result with 18% growth in sales and a 42% jump in pre-tax profit as raw material prices plunged, following the oil price downturn.

OUTLOOK

Recovery in the economy and especially in the real estate market, brought about by a number of governmental policies, have boosted the demand for construction materials, including water pipes. Hence, long-term growth prospects look positive and are expected to rise by 15%-20% per annum in the near term future.

SUSTAINABILITY

BMP is among the pioneers in committing to sustainable development. Since 2011 BMP has applied ISO environmental standards and followed the National Strategy of 3R – Reduce, Reuse, Recycle. Last year the company installed and started operating an ERP (Enterprise Resource Planning) system to improve its corporate management system.

In 2014 BMP saved 491,758 kWh of electricity and 8,360m³ of water compared to 2013. The company has implemented a program of classification of garbage and waste at the origin. The waste was also processed to meet the national standards. Additionally, BMP's plastic pipes meet the highest ISO standards for enduring water pressure.

BMP has also been an industry leader in staff wellness programs, particularly in health and safety protection. Environmental issues at factories are assessed by the Center of Health and Industrial Working Environment twice per year with necessary corrective actions being implemented following the assessments. BMP has better remuneration packages compared to the sector average. The company provided 54 courses and 1,800 training hours to nearly 1,600 employees in 2014. In its philanthropic activities, BMP has built 3 charity houses, providing plastic pipes to needy residents and gifts to handicapped children.


HAU GIANG PHARMA (DHG)
SHAREHOLDER PROFILE (AT 30 JUNE 2015)

State Capital Investment Corporation (SCIC)	43%
Foreign investors	49%
Domestic investors (excluding SCIC)	8%

VIETNAM HOLDING'S INVESTMENT (AT 30 JUNE 2015)

Date of first investment	17 March 2008
Number of shares	2,016,557
Total investment	USD 6.79 million
Average purchase price	VND 39,994
% VNH shareholding	2.3%
Internal rate of return (annualized)	17.0%

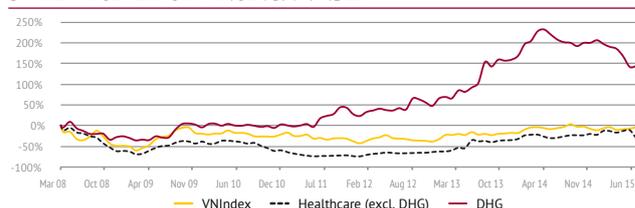
TRADING INFORMATION (AT 30 JUNE 2015)

Listed on	HOSE
Date of listing	21 November 2006
Total shares outstanding	87 million
Share price	VND 73,500
52 week high	VND 94,348
52 week low	VND 71,000
Trailing P/E	12.2
2015 P/E	10.1
Price/Book	2.7

Sources: DHG audited financial statements and Bloomberg.

FINANCIAL HIGHLIGHTS (USD MILLION)

	2013	2014
Market capitalization	353.5	391.3
Equity capital	93.9	196.5
Revenue	168.2	184.2
Revenue growth (in VND) (%)	20.3	10.9
EBIT	37.4	34.2
NPAT	28.1	25.1
EPS (VND)	6,758	6,119
EPS Growth (%)	21.1	-9.5
Gross margin (%)	46.5	54.5
EBIT margin (%)	22.2	18.5
ROE (%)	29.7	23.4
D/E	0.06	0.08
Current ratio (x)	2.2	2.1

SHARE PRICE PERFORMANCE VS. VNINDEX

CORE BUSINESS

DHG produces and distributes a variety of pharmaceutical products.

COMPANY BACKGROUND

Established in 1974 as a state-owned enterprise, DHG has developed into one of the leading pharmaceutical companies in Vietnam. It was equitized in 2004 and listed in 2006. DHG holds 10% of the locally produced drug market and 5% of the overall market including both domestic and imported drugs.

KEY STRENGTHS

DHG has the most extensive distribution network in Vietnam with 1,200 sale representatives, located in 12 subsidiaries and 24 branches, serving more than 25,000 customers throughout all 64 provinces. In addition, the company has the largest manufacturing capacity among its peers with 4.8 billion units per annum, anticipated to reach 9 billion in 2H2015. Its modern factories satisfy all WHO-GMP international standards.

BUSINESS STRATEGY AND EXECUTION

The company continues to enhance its brand value in the local market via the advantages of its well-developed distribution system. DHG has paid great attention to R&D activities to introduce up to 10 new products or product upgrades annually. Its laboratories are ISO certified. Additionally, DHG maintains a collaboration with well-known pharmaceutical universities, such as Ho Chi Minh City Medicine and

Pharmacy University, for studies of long-acting treatment products. Furthermore, it invests heavily in staff training with a strong emphasis on sales, pharmaceutical knowledge and preparation for future company and industry leadership.

PERFORMANCE AND DEVELOPMENT

DHG recorded a 2014 net profit of USD 25.1 million, down 9.5% YoY. However, net profit would have been up 8% YoY if adjusted for extraordinary income from the Eugica product line sales of USD 6 million in 2013. In 2014 the company also cut output of low-margin products to increase available capacity for high-margin products such as Hapacol, a pain-relief medicine.

OUTLOOK

DHG forecasts slow growth rates of only 2.2% YoY and 6% YoY in 2015 sales and pre-tax profit respectively, as it seems to have reached a maturity phase. In order to help resume its previous high net profit growth rates, the company plans to review and restructure its operations, including the sales network, and the manufacturing, human resources and marketing departments. The preferential tax rates applied to the new factory for the period of 15 years from 2015 (0% in first 5 years and 10% in the next 10 years) will also play an important role as catalyst for mid-term net profit growth.

SUSTAINABILITY

DHG has an environment protection policy, enforced by its Environment and Labor Safety Committee. Samples of input materials go through stringent quality control before production. In 2014, monthly water usage was 25,316m³, down 3% YoY. The 2014 natural gas consumption dropped 13% YoY. Furthermore, DHG has used LED lighting systems instead of fluorescent to conserve power.

The company continues to provide annual training in areas such as occupational safety, emergency rescue, sales and management. In 2014, the total number of training hours was 243,718, equivalent to 82.2 hours per worker. Nonresident employees are entitled to receive financial assistance for visits to their families once per year. The average income of an employee at DHG has increased 45.4% since 2009 from USD 611.3 to USD 888.8 in 2014. Labor productivity in 2014 increased 3% YoY.

Through programs such as Doctor-Patient Interface, Health Bridge and Medical Journal, DHG has helped to disseminate medical knowledge to the Mekong Delta area to promote better disease prevention. It spent USD 0.4 million, up 50% YoY, for its community services such as providing free medical check-ups for 59,190 people in Vietnam, Lao and Cambodia.



DANANG RUBBER (DRC)

SHAREHOLDER PROFILE (AT 30 JUNE 2015)

Vinachem	51%
Foreign investors	38%
Domestic investors	11%

VIETNAM HOLDING'S INVESTMENT (AT 30 JUNE 2015)

Date of first investment	22 May 2007
Number of shares	3,567,837
Total investment	USD 8.66 million
Average purchase price	VND 42,081
% VNH shareholding	3.9%
Internal rate of return (annualized)	45.6%

TRADING INFORMATION (AT 30 JUNE 2015)

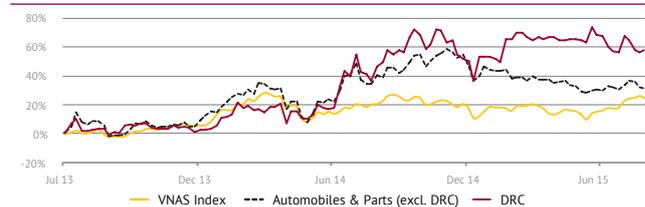
Listed on	HOSE
Date of listing	29 December 2006
Total shares outstanding	91 million
Share price	VND 53,000
52 week high	VND 57,120
52 week low	VND 39,119
Trailing P/E	13.6
2015 P/E	12.4
Price/Book	3.0

Sources: DRC audited financial statements and Bloomberg.

FINANCIAL HIGHLIGHTS (USD MILLION)

	2013	2014
Market Capitalization	153.7	217.6
Equity capital	65.4	71.8
Revenue	133.7	153.1
Revenue growth (in VND) (%)	1.0	15.9
EBIT	25.7	25.3
NPAT	17.9	16.6
EPS (VND)	4,519	4,246
EPS Growth (%)	20.0	-6.0
Gross margin (%)	25.6	24.7
EBIT margin (%)	19.2	16.5
ROE (%)	29.5	24.2
D/E	1.0	0.7
Current ratio (x)	1.4	1.4

SHARE PRICE PERFORMANCE VS. VNAS INDEX



CORE BUSINESS

DRC produces rubber tires and inner tubes for motorbikes, automobiles and a growing number of other wheeled vehicles.

COMPANY BACKGROUND

DRC is the largest local tire manufacturer in term of total sales. It focuses on automotive vehicle tires, especially truck tires and off-the-road (OTR) tires, which together accounted for 86% of total revenue in 2014. In addition to its annual manufacturing capacity of 5mn bicycle tires, 2mn motorbike tires, 0.78mn bias ply auto tires, DRC has also led the move of local producers into the radial tire segment by setting up the first radial tire factory with an initial capacity of 0.3mn units. Moreover, DRC is the only producer of off-the-road (OTR) tires in Vietnam. The company was equitized in 2006 and listed on HOSE in the same year.

KEY STRENGTHS

DRC continues to focus on its core tire manufacturing activities, optimizing its strengths in OTR tires and the heavy truck segment. The management team is strong and dedicated and has contributed significantly to the company's consistent product and business development.

BUSINESS STRATEGY AND EXECUTION

Automobile tires remain the company's primary strategic product line, on the basis of growing demand, strong brand equity and an established distribution network. DRC continues to invest in high-value, high margin products – such as OTR and radial

tires – to drive future growth. The export market accounts for 11% of its revenues. DRC finished construction of a phase-1 radial tire factory with annual capacity of 300,000 tires per year, which started operating in 3Q2013. DRC has already proven the marketability of this new radial product.

PERFORMANCE & DEVELOPMENT

DRC was immediately successful in boosting radial tire sales, achieving 115,000 units sold in 2014, or 17.5% of total revenue, compared to 15,000 units sold in 2H2013. Overall, revenue and gross profit increased by 16% and 12% respectively, while net profit decreased by 6%, largely driven by the high initial costs of the new radial tire business, including rising interest and higher than planned sales expenses.

OUTLOOK FOR 2015-2016

Vietnam's automobile sales continue to increase strongly, up 43% YoY in 2014 and 58% YoY in 1H15. Domestic demand for truck tires in Vietnam is expected to remain high in both the short- and long-term, driven by an expected recovery in GDP growth, more highway construction, and the Ministry of Transportation's 2014 Circular No.6 limiting truckloads. According to TechSci Research, Vietnam's tire market will grow at over 8% CAGR in 2014-2019 as the top tire brands in the country, Bridgestone, Michelin, DRC are expected to lead the market thanks to their high quality and brand availability.

Moreover, DRC is also in a good position to benefit from the surge in demand for heavy-duty radial tires, which is expected to grow at 20% CAGR from 2014-2018. In 1H2015 DRC sold 84,600 radial units, up 82% YoY. It is expected to sell 200,000-240,000 units in 2015 and reach full capacity of 300,000 units sold in 2016. Phase 2 of the radial tire factory is also under plan to be constructed within 2H2015-2016, doubling its capacity to 600,000 units, at one third of the capex spent on phase 1. DRC should experience a slight increase in earnings in 2015, with more impressive business result projected for 2016.

SUSTAINABILITY

All of DRC's products meet either local or international quality standards such as Vietnam's QCVN, the USA's DOT, and the EU's EMARK. The company has an Initiative Department that works on solutions for cost saving and productivity improvement. In 2014, the company applied 177 initiatives saving VND 21bn. The company has installed state-of-the-art air filters and fire extinguishing systems at all of its new factories and workshops. DRC applies clear segregation of duties between its Chairman and its CEO. The company has been an industry leader in implementing staff wellness programs, covering primarily health and safety aspects. In 2014, DRC was awarded Best Company in Labor Wellness by Da Nang City.



FPT CORPORATION (FPT)

SHAREHOLDER PROFILE (AT 30 JUNE 2015)

State Capital Investment Corporation (SCIC)	6%
Foreign investors	49%
Domestic investors (excluding SCIC)	45%

VIETNAM HOLDING'S INVESTMENT (AT 30 JUNE 2015)

Date of first investment	08 January 2007
Number of shares	4,277,002
Total investment	USD 9.09 million
Average purchase price	VND 37,163
% VNH shareholding	1.1%
Internal rate of return (annualized)	18.7%

TRADING INFORMATION (AT 30 JUNE 2015)

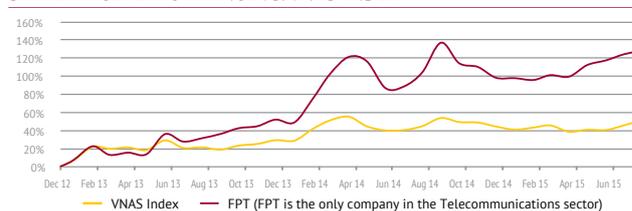
Listed on	HOSE
Date of listing	21 November 2006
Total shares outstanding	397 million
Share price	VND 46,400
52 week high	VND 49,901
52 week low	VND 38,556
Trailing P/E	10.8
2015 P/E	10.0
Price/Book	2.2

Sources: FPT audited financial statements and Bloomberg.

FINANCIAL HIGHLIGHTS (USD MILLION)

	2013	2014
Market capitalization	614.7	772.1
Equity capital	341.7	370.0
Revenue	1,289.0	1,536.8
Revenue growth (in VND) (%)	9.9	20.8
EBIT	126.3	123.6
NPAT	76.7	76.8
EPS (VND)	4,684	4,746
EPS Growth (%)	3.6	1.3
Gross margin (%)	20.5	19.2
EBIT margin (%)	9.8	8.0
ROE (%)	29.9	27.0
D/E	0.6	0.9
Current ratio (x)	1.4	1.3

SHARE PRICE PERFORMANCE VS. VNAS INDEX



CORE BUSINESS

FPT operates as a software developer, a provider of IT and telecom services, and a major distributor/retailer of ICT products.

COMPANY BACKGROUND

FPT started its IT business from 1990 and has held the leading position in the local industry since 1996. It went public in 2002 and was listed on the Ho Chi Minh Stock Exchange in 2006.

KEY STRENGTHS

FPT's main competitive advantages consist of its high-quality human resources department, supported by its 100% owned subsidiary FPT University, a comprehensive telecom infrastructure with a private North-South backbone – recently upgraded to fiber cables, and a reputable brand name. FPT is the largest software exporter in Vietnam with 8,528 programmers. A private telecom network enables FPT to expand its market to second-tier cities. The company is represented in all 63 provinces of Vietnam and in 19 other countries with a strong base of more than 350 global customers and partners including well-known companies such as Microsoft and IBM.

BUSINESS STRATEGY AND EXECUTION

FPT aims to become an internationally recognized IT service provider. It has been concentrating on growing its foreign markets via acquisitions of IT departments of global firms, and via its 10,000 Bridge System Engineers (BrSE) training program, created in November 2014 with the goal

of providing 2,000 BrS Engineers to work globally by 2017. FPT has also committed to be a pioneer in the Smart Revolution by applying the S.M.A.C (social, mobile, analytics and cloud) concept as of 2014. This is an important prerequisite which helps ensure that FPT can position itself in more advanced IT stages, and will thus improve its competitiveness on a global scale.

PERFORMANCE AND DEVELOPMENT

FPT's 2014 net profit registered at USD 76.3 million, up 1.5% YoY (in VND). Poor performance of the online gaming segment and capital expenditures on fiber optic conversion project of USD 40 million which occurred in 2013 and 2014 put a downward pressure on the overall profits. However, an annual growth of 14% in 2014 pre-tax profits of overseas earnings helped compensate less positive results in other sectors to maintain a positive total net profit growth. FPT's software outsourcing business for Japan, US, Europe and Asia Pacific (APAC) markets recorded an impressive 2014 revenue growth of 37% YoY. In 2014, FPT also acquired RWE IT Slovakia, an in-house IT service of a leading utilities company in Germany, to expand its European market.

OUTLOOK

In 2015 sales and pre-tax profit targets are set to grow 13% and 16% YoY, respectively. A government decision effective on February 15, 2015 has encouraged IT leasing activities to not only help computerize government offices but also boost the development of local IT services. In addition, the number

of fixed-line internet users, estimated at 25-30% of the population, lower than 36% of APAC countries, should continue to increase according to the Vietnam Telecommunications Authority. Furthermore, mobile devices are expected to see average growth of 20% in 2015 (source: International Data Corporation).

SUSTAINABILITY

FPT has a strong emphasis on training, with 1,718 technology and management training sessions having been provided in 2014. Each employee received 3.6 training courses with a total of 10 hours. To prepare for its future leadership, FPT has implemented Talent Internship programs to recruit talented candidates for management training. Moreover, FPT's Leadership Institute club has nurtured potential executives via mentoring and coaching programs. The company was granted the Vietnam HR Awards 2014 in the categories of the best working environment and the best HR policy.

Furthermore, FPT's new environmental friendly campus in Da Nang received the EDGE (Excellence in Design for Greater Efficiencies) award by the IFC. Its two university and data centers have also implemented energy efficiency solutions to save 341 MWh and 255 MWh, respectively in 2014. The company also donated USD 1.4 million for social programs such as sponsoring 122 scholarships and 100 cleft lip and palate operations.


HUNG VUONG
CORPORATION

HUNG VUONG CORPORATION (HVG)
SHAREHOLDER PROFILE (AT 30 JUNE 2015)

Foreign investors	17%
Domestic investors	83%

VIETNAM HOLDING'S INVESTMENT (AT 30 JUNE 2015)

Date of first investment	29 December 2011
Number of shares	7,477,547
Total investment	USD 6.68 million
Average purchase price	VND 16,841
% VNH shareholding	4.0%
Internal rate of return (annualized)	33.4%

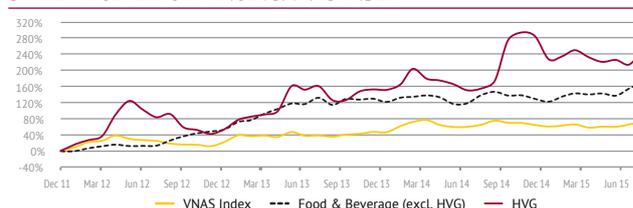
TRADING INFORMATION (AT 30 JUNE 2015)

Listed on	HOSE
Date of listing	16 Nov 2009
Total shares outstanding	189 million
Share price	VND 19,500
52 week high	VND 26,255
52 week low	VND 15,536
Trailing P/E	12.0
2015 PE	11.1
Trailing P/B	1.4

Sources: HVG audited financial statements and Bloomberg.

FINANCIAL HIGHLIGHTS (USD MILLION)

	2013	2014
Market capitalization	139.5	165.5
Equity capital	110.9	110.4
Revenue	526.7	701.5
Revenue growth (in VND) (%)	43.6	34.9
EBIT	25.7	33.9
NPAT	11.8	13.7
EPS (VND)	1,890	2,201
EPS Growth (%)	(5.9)	16.5
Gross margin (%)	8.9	7.5
EBIT margin (%)	4.9	4.8
ROE (%)	10.6	12.3
D/E	1.9	2.0
Current ratio (x)	1.2	1.3

SHARE PRICE PERFORMANCE VS. VNAS INDEX

CORE BUSINESS

HVG is in the business of farming, processing and exporting pangasius fish and shrimp products, as well as the production of fish feed.

COMPANY BACKGROUND

In 2014, Hung Vuong (HVG) was the largest pangasius exporter in Vietnam with USD 215 million revenue in exports, representing 12.3% of Vietnam's total pangasius export turnover. Established as a private company in 2003, HVG's products are shipped to the EU, the US, Russia, Mexico, Ukraine, Australia, Hong Kong, the Middle East, South America and South East Asia.

KEY STRENGTHS

Hung Vuong has developed an integrated vertical value chain from fish hatcheries, feed manufacturing and fish farming to processing, cold storage warehousing and exporting. Vertical integration enables Hung Vuong to stabilize production and improve profit margins. HVG's production capacity is among the largest in the industry with 16 processing plants, 6 feed mills, 1,282 hectares of aquaculture zones (434ha for fish and 848ha for shrimp) and more than 10,000 employees. It has a total processing capacity of 335,100 tons of fish, 28,000 tons of shrimp and 905,000 tons of fish feed per year. HVG has developed a strong customer base with more than 40 international distributors.

BUSINESS STRATEGY AND EXECUTION

HVG continues to concentrate on its core business by growing its production capacity

and expanding aquaculture zones to better secure the increasing demand for sustainably farmed fish. It is also restructuring the company into groups of related business lines for more efficient management. HVG's growth strategy has been based on both M&A activities and internal growth. After acquiring Agifish, a leading pangasius exporter in 2012, HVG went on to acquire a leading pangasius feed producer, Viet Thang Feed (VTF) in 2013. In 2014, HVG acquired one of Vietnam's leading shrimp exporters, Sao Ta Food (FMC).

PERFORMANCE & DEVELOPMENT

In 2014, HVG recorded a revenue growth of 34.9% and a net profit after tax growth of 17.2%, thanks to significant contributions from the trading of fish feed and soya beans, and robust growth in export markets including EU, Brazil, Mexico and Ukraine. In 2014, HVG's export to EU markets almost tripled and made up 26% of total export revenue, compared to about 9% in 2013.

OUTLOOK

International free trade agreements, which were concluded in 2014 and 2015, are expected to create tax benefits and great export opportunities for the fishery industry in Vietnam. Additionally, the ASEAN Plus 6 agreement among China, India, Japan, Korea, Australia, New Zealand and the ASEAN countries, to be signed in 2016, will enhance exports to neighboring countries. Vietnam's pangasius exports are forecast to grow by 10%-15% per annum to reach USD 2.5bn-3bn by 2020.

To prepare for these spectacular growth opportunities, HVG designated 2015 as the year of investment and capacity expansion. The company is building three new fish processing factories, one shrimp processing factory and a cold warehouse in the Mekong Delta. HVG's subsidiary, Viet Thang Feed's capacity will be raised to 800,000 tons per annum from the current 500,000 tons per annum. These investment projects promise outstanding development for the whole group from 2016 onward.

SUSTAINABILITY

HVG located its aquaculture zones close to clean sources of water in the Mekong Delta to ensure quality standards are met. HVG has also been active in promoting the application of global standards in all pangasius and shrimp enterprises in Vietnam. All of HVG's processing factories meet the most strict global quality certifications.

Hung Vuong was the first Vietnamese seafood company to qualify for The World Wildlife Fund's Aquaculture Stewardship Council certification. The World Wildlife Fund (WWF) has actively supported Vietnam in improving the sustainable development of pangasius aquaculture through a five-year Aquaculture Improvement Program. In our engagement with the company, we raised our concern about potential key-man risk and recommended more segregation of duties in the management system. We also suggested that the company apply ERP systems as their scale is growing fast under a very complicated group structure.



PHU NHUAN JEWELRY (PNJ)

SHAREHOLDER PROFILE (AT 30 JUNE 2015)

Foreign investors	49%
Domestic investors	51%

VIETNAM HOLDING'S INVESTMENT (AT 30 JUNE 2015)

Date of first investment	08 December 2009
Number of shares	4,578,324
Total investment	USD 8.28 million
Average purchase price	VND 25,267
% VNH shareholding	4.7%
Internal rate of return (annualized)	20.4%

TRADING INFORMATION (AT 30 JUNE 2015)

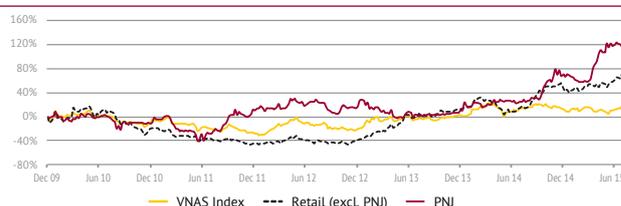
Listed on	HOSE
Date of listing	23 Mar 2009
Total shares outstanding	98 million
Share price	VND 39,500
52 week high	VND 41,600
52 week low	VND 21,855
Trailing P/E	13.9
2015 P/E	12.5
Price/Book	2.8

Sources: PNJ audited financial statements and Bloomberg.

FINANCIAL HIGHLIGHTS (USD MILLION)

	2013	2014
Market capitalization	109.7	141.1
Equity capital	62.5	60.6
Revenue	425.1	433.1
Revenue growth (in VND) (%)	29.4	3.2
EBIT	15.1	19.5
NPAT	7.8	11.4
EPS (VND)	2,239	3,208
EPS Growth (%)	-36.6	43.3
Gross margin (%)	7.5	9.7
EBIT margin (%)	3.6	4.5
ROE (%)	12.7	19.7
D/E	0.98	0.98
Current ratio (x)	1.2	1.3

SHARE PRICE PERFORMANCE VS. VNAS INDEX



CORE BUSINESS

PNJ is the largest local producer and retailer of jewelry products in Vietnam.

COMPANY BACKGROUND

The company's jewels range from low-end to luxury to serve different consumer segments through its nationwide network of 186 retail stores (95 gold class, 83 silver class, and 8 premium class stores) and 3,000 wholesalers. PNJ enjoys a market share of 23%.

KEY STRENGTHS

PNJ is justifiably proud of its rich, 27-year experience in the jewelry industry, with a professionally managed and well-respected brand image. The company has expanded its extensive distribution network far beyond its closest competitor, which operates less than 40 stores. An experienced team of jewelry designers and nearly 1,000 skilled goldsmiths make up one of the company's strongest assets. PNJ is the only jewelry house in Vietnam with a manufacturing capacity of 4 million items per annum.

BUSINESS STRATEGY AND EXECUTION

Concentrating on its core features of creativity, sophistication and reliability, PNJ aims to become a leading company in the Asian jewelry industry. Its 10-year strategy (2012-2022) seeks to maintain and accomplish the four cornerstones of international jewelry standards: design quality, production scale, modern management and manufacturing systems, and well-developed craftsman skills. The company has cooperated with

consultants from Italy, as well as Value Partners, and dominant global industry players such as Zales in the US, all to improve its design abilities, operations, and retail systems. PNJ has also implemented an ERP system to optimize its inventory level and production process.

PERFORMANCE AND DEVELOPMENT

PNJ's 2014 performance was remarkable. Its profit after tax (PAT) advanced 48.6% YoY. Nevertheless the company only achieved 79.94% of its 2014 target sales as it curtailed its low-margin gold bar trading activities and concentrated more on its high-margin jewelry business, which generated 85% of total gross profits. PNJ's jewelry business has amongst other reasons also rapidly grown due to a government circular, which strictly controls the quality of gold products and as a result has curtailed the market share of smaller, lower quality shops. The 2014 sales and gross profit of PNJ's jewelry business grew 21.7% and 37% YoY respectively. Furthermore, PNJ successfully divested its noncore investments in Saigon Fuel Company and Que Huong Liberty Hotel in 2014.

OUTLOOK

PNJ aims to boost its 2015 consolidated sales and PAT by 13% YoY and 20% YoY to USD 378 million and USD 14 million respectively. The 1H2015 PAT of the parent company already reached USD 8.3 million, up 43.8% YoY and equivalent to 59.3% of the consolidated target. This was due to significant sales growth of 27% YoY in

already existing stores and the addition of 17 new stores. With an aggressive store opening plan, PNJ revised its total number of stores target for 2017 from 200 to 250.

SUSTAINABILITY

PNJ has firm policies to ensure that its precious stone purchases are from legitimate sources and do not come from conflict zones or have other questionable origins. The company has also reduced its raw material waste to under the industry standard of 1%. In addition, since 2012 the company has implemented several HR projects such as restructuring its organizational hierarchy, standardizing the hiring process, reforming the HR operating model, building a leadership competency framework and setting KPIs. These efforts have played a key role in PNJ delivering its recent impressive business results. Due to such positive HR changes, PNJ received the Towers Watson 2015 HR Professional Award and several prestigious 2015 JNA (Jewelry News Asia) prizes, including Employer of the Year, and Retailer of the Year. The JNA awards have put PNJ on a par with major regional players such as Chow Tai Fook (Hong Kong) and Pranda (Thailand).



THIEN LONG GROUP (TLG)

SHAREHOLDER PROFILE (AT 30 JUNE 2015)

Foreign investors	20.5%
Domestic investors	79.5%

VIETNAM HOLDING'S INVESTMENT (AT 30 JUNE 2015)

Date of first investment	25 January 2013
Number of shares	1,946,201
Total investment	USD 6.24 million
Average purchase price	VND 21,583
% VNH shareholding	7.3%
Internal rate of return (annualized)	66.6%

TRADING INFORMATION (AT 30 JUNE 2015)

Listed on	HOSE
Date of listing	16 Nov 2009
Total shares outstanding	27 million
Share price	VND 70,000
52 week high	VND 73,000
52 week low	VND 32,984
Trailing P/E	12.4
2015 PE	11.1
Trailing P/B	2.5

Sources: TLG audited financial statement and Bloomberg.

FINANCIAL HIGHLIGHTS (USD MILLION)

	2013	2014
Market capitalization	47.0	66.4
Equity capital	29.9	34.2
Revenue	67.1	80.0
Revenue growth (in VND) (%)	15.6	14.7
EBIT	9.0	9.7
NPAT	5.6	6.9
EPS (VND)	4,351	5,501
EPS Growth (%)	16.4	26.4
Gross margin (%)	36.8	36.9
EBIT margin (%)	13.4	12.1
ROE (%)	19.7	21.7
D/E	0.4	0.3
Current ratio (x)	2.1	2.5

SHARE PRICE PERFORMANCE VS. VNAS INDEX



CORE BUSINESS

TLG is a major producer and distributor of pens and stationery.

COMPANY BACKGROUND

Founded in 1981, TLG is the leading producer and distributor of pens and stationery in Vietnam, with a 60% market share of pens and 30% of office supplies. TLG's products are certified with numerous global quality and environmental standards and meet the same requirements as those of leading international industry producers such as BIC, Crayola, TOMA and Mitsubishi. The company exports its products under the Bizner, FlexOffice and Colokit brand names to more than 40 countries around the world.

KEY STRENGTHS

The company has earned strong brand recognition over a distribution network of more than 130 wholesalers and 53,000 points of sales located amongst other in Germany, China, Japan, USA, Thailand, Laos and Cambodia. The company applies a very tight quality control system on well-selected input materials and innovative production systems. Thien Long branded molds and machines, which adhere to international standards, help the company to be active in both design and production. A strong learning culture is incorporated in their commitment to sustainable development and social responsibility.

BUSINESS STRATEGY AND EXECUTION

The company set a clear vision to become the leading supplier of pens and stationery

in Asia. The company is expanding its export markets to Japan, the US and Europe. Diversification of brand names and product ranges is continuously worked on to insure coverage of all market segments. The company is enhancing R&D towards automation, high productivity and high quality completion.

PERFORMANCE & DEVELOPMENT

TLG enjoyed a successful year in 2014 with remarkable growth of 14.7% in revenue and 26.5% in net profit after tax. This achievement followed their strong investments into human resources, R&D for new products, manufacturing technologies and an expanded distribution network in 2013. Success in COGS and financial expense control helped the company to improve profit margins over the last 3 years, resulting in average growth of 22.4% in profit after tax while revenue rose an average of 15.6% in the period 2012-2014.

OUTLOOK

In order to fulfill its value chain, TLG set medium term targets to improve automation in production by increasing the usage ratio of self-developed equipment and molds. The TLG group invests heavily in technology and the transfer of technical knowledge from foreign companies in order to enhance the in-house manufacturing of ink and other materials. At the same time, new trade agreements are expected to open exciting new opportunities for greater export sales.

SUSTAINABILITY

Integrated ISO Management Systems have all been fully applied on group scale in TLG. The group established the Innovation Team, which proposes initiatives to reduce pollution and the use of resources, materials and energy for cost saving and environmental protection purpose. Any employee or department may raise related issues and solutions with the Innovation Team and they will be rewarded for their contribution to the company's sustainable development.

TLG conducts annual surveys on the salary and compensation packages of its peers in order to build a competitive remuneration scheme for its employees. The company also provides insurance packages and training courses beyond the requirements of local labor laws.

For 13 years, TLG has participated in the University Entrance Exam Support and Consultation programs by sponsoring the publication of educational material for young students, and transporting underprivileged children to often distant testing sites for university examinations.



Traphaco

TRAPHACO (TRA)

SHAREHOLDER PROFILE (AT 30 JUNE 2015)

State Capital Investment Corporation (SCIC)	36%
Foreign investors	46%
Domestic investors (excluding SCIC)	18%

VIETNAM HOLDING'S INVESTMENT (AT 30 JUNE 2015)

Date of first investment	20 December 2007
Number of shares	2,573,748
Total investment	USD 9.66 million
Average purchase price	VND 49,841
% VNH shareholding	10.4%
Internal rate of return (annualized)	22.1%

TRADING INFORMATION (AT 30 JUNE 2015)

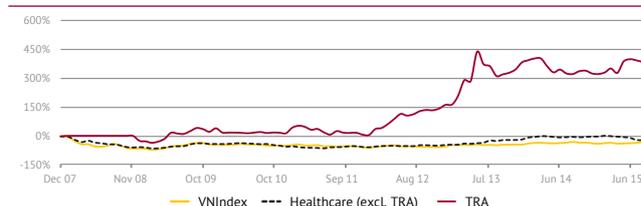
Listed on	HOSE
Date of listing	26 November 2008
Total shares outstanding	25 million
Share price	VND 82,000
52 week high	VND 84,000
52 week low	VND 68,234
Trailing P/E	12.2
2015 P/E	10.5
Price/Book	2.8

Sources: TRA audited financial statements and Bloomberg.

FINANCIAL HIGHLIGHTS (USD MILLION)

	2013	2014
Market capitalization	98.9	84.2
Equity capital	32.4	36.8
Revenue	80.2	77.7
Revenue growth (in VND) (%)	20.1	-1.9
EBIT	12.0	10.1
NPAT	7.1	6.9
EPS (VND)	6,255	5,910
EPS Growth (%)	24.5	-5.5
Gross margin (%)	42.9	43.3
EBIT margin (%)	15.0	13.0
ROE (%)	26.0	19.8
D/E	0.17	0.04
Current ratio (x)	2.3	3.0

SHARE PRICE PERFORMANCE VS. VNINDEX



CORE BUSINESS

TRA produces and distributes herbal pharmaceutical products.

COMPANY BACKGROUND

TRA is the leading manufacturer of herbal medicinal products in Vietnam. Its herbal product sales have contributed around 80% of the total sales of self-manufactured goods. Originally a state-owned enterprise, TRA was equitized in 2000 and listed in 2008.

KEY STRENGTHS

TRA is nationally recognized as a leading supplier of high-quality traditional medicines, having achieved many significant awards such as the International Arch of Europe Quality Award 2012 and International Best Enterprise Award. TRA enjoys a valuable competitive advantage with a nationwide distribution system based on major centers in Ha Noi, Da Nang and Ho Chi Minh, 18 branches, 6 subsidiaries, and numerous affiliated companies serving 18,000 customers.

BUSINESS STRATEGY AND EXECUTION

TRA has implemented an aggressive expansion strategy by acquiring small provincial pharmaceutical companies with existing local distribution networks. It has also regularly improved its private and partnered herbal plantations to ensure the quality and availability of input materials. It has through this become a local leader in clean and sustainable herbal medicine production. To strengthen its profits, it has shifted its product mix to high margin items.

Additionally, TRA has successfully carried out a new sales policy to significantly reduce dependence on major wholesalers while bringing the retail component of total sales to 80% in 2014.

PERFORMANCE AND DEVELOPMENT

TRA reported slight declines of -1.9% YoY and -2.8% YoY in revenues and profits after tax, respectively in 2014 after registering impressive growth rates of 24% to 34% in 3 consecutive years, due to the planned structural changes in sales system. On the other hand, the restructuring efforts helped increase TRA's 2014 gross margin to 43.3%, from 42.9% in 2013 thanks to better margins from the retail distributors.

OUTLOOK

The company conservatively targets growth rates of +13% YoY and +30% YoY in sales and net profits, respectively in 2015. With its focus on sales to retailers and a restructured sales management system, the targets are likely achievable. In the long run, high growth will be enhanced by important catalysts such as more aggressive promotion campaigns for its brand name, input material quality control, and more ambitious new herbal medicine products.

SUSTAINABILITY

In June 2014, the Company was the first in the North to receive the WHO-GACP (Good Agricultural Collection Practices) certification by the Ministry of Health for the farming of four important medicinal plants. TRA executes GACP via 4-party

co-operation joining TRA with farmers, local authorities and scientists. Local authorities provide enforcements, guidelines and encouragements to farmers to apply GACP. Scientists provide more persuasive advice and improved techniques to farmers. Finally, TRA pledges to purchase all the cultivated plants.

In 2014, the company organized 65 training sessions, mainly in customer services and operations for 2,731 employees with a total budget of USD 0.1 million. Regarding energy usage, TRA was able to reduce its 2014 electricity consumption by 6% compared to 2013.

The company's budget for annual community activities is about 1-3% of its total revenues. TRA's 2014 contribution was around USD 1 million. The disbursements have typically been allocated to Agent Orange victims as well as to a number of national relief organizations.



VINAMILK

VINAMILK (VNM)

SHAREHOLDER PROFILE (AT 30 JUNE 2015)

State Capital Investment Corporation	45%
Foreign investors	49%
Domestic investors	6%

VIETNAM HOLDING'S INVESTMENT (AT 30 JUNE 2015)

Date of first investment	25 December 2006
Number of shares	1,509,194
Total investment	USD 7.81 million
Average purchase price	VND 31,267
% VNH shareholding	0.2%
Internal rate of return (annualized)	65.4%

TRADING INFORMATION (AT 30 JUNE 2015)

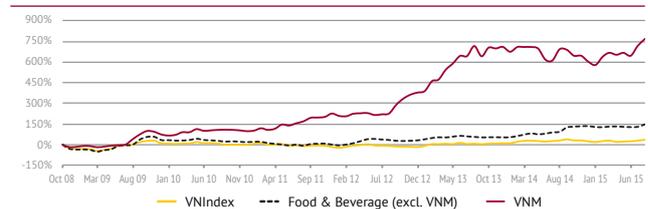
Traded on	HOSE
Date of listing	19 January 2006
Total shares outstanding	1 billion
Share price	VND 113,000
52 week high	VND114,000
52 week low	VND90,787
Trailing P/E	18.1
2015PE	16.3
Price/Book	5.4

Sources: VNM annual reports and Bloomberg.

FINANCIAL HIGHLIGHTS (USD MILLION)

	2013	2014
Market capitalization	5,337.7	4,467.3
Equity capital	836.8	901.1
Revenues	1,475.9	1,634.2
Revenue growth (in VND) (%)	16.5	13.0
EBIT	382.0	353.9
NPAT	311.6	305.3
EPS (VND)	6,533	6,068
EPS growth (%)	13.0	-7.1
Gross Margin (%)	36.1	35.1
EBIT Margin (%)	25.9	21.7
ROE (%)	39.6	39.6
D/E (x)	0.02	0.08
Current Ratio (x)	2.6	2.8

SHARE PRICE PERFORMANCE VS. VNINDEX



CORE BUSINESS

VNM is a world-class producer and distributor of dairy and beverage products.

COMPANY BACKGROUND

Vinamilk (VNM) is the leading dairy product manufacturer and distributor in Vietnam, with an average market share of over 50% in most product segments.

KEY STRENGTHS

VNM differentiates its sustainable business strategies through product innovation based on a strong R&D commitment, an extensive network of distributors and a growing export capacity. VNM takes pride in its well-established distribution network which is comprised of both modern and traditional channels, totaling more than 215,000 outlets across the country. According to a recent survey, VNM is the only food brand regularly purchased by more than 80% of the urban households in Vietnam.

BUSINESS STRATEGY AND EXECUTION

VNM's vision is to continue being Vietnam's most sustainable and fastest growing dairy food company and ultimately to be among the top 50 dairy producers globally, with sales revenues above USD 3bn by 2017. The company pioneered technology investments with an advanced and automated packaging and product quality solution based on the Tetra Plant Master Production and Warehouse system. To meet increasing demands, VNM aims to have at least 9 dairy farms on an industrial scale with a total herd of around 46,000 cows within 5 years.

PERFORMANCE AND DEVELOPMENT

The company reported a slight decrease in net profit in 2014 for a number of reasons: weaker aggregate demand, a government decreed price cap on powdered milk products for children under 6, higher raw material prices and surging depreciation expenses from two new factories.

OUTLOOK

VNM has targeted revenues of USD 3bn by 2017 (2015-2017 CAGR of 20%) and average net profit growth of at least 10% in the same period. Liquid milk factory capacity will be brought to 800 million liters per annum by 2017 while the powdered milk factory is expected to satisfy 40% of domestic demand by 2020. The company's prospects look more attractive in the long term with stronger recovery in domestic demand and full efficiency from its new factories and oversea investments.

SUSTAINABILITY

VNM's five cow farms are the only ones in South East Asia and are among just seven farms in Asia to achieve the Global G.A.P certification. The cows are 100% senior breed HF imported from Australia and New Zealand with full genealogy information. In 2014, VNM bettered over 100 consumer products from 70 countries to win the Award of the Global Food Industry for the quality of its liquid milk products.

At the end of 2014, 8 of 13 VNM factories are running energy management systems in accordance with ISO standards. VNM

annually measures the usage of fuel oil, gas, electricity, bio-gas, CNG, water and different types of waste volume and sets specific targets for reduction every year. Fuel oil use decreased significantly from 2012 to 2014 thanks to substitution with more environmentally friendly CNG/biomass.

Vinamilk established several communication channels for employee feedback, including six-monthly appraisal meetings, quarterly employee surveys and a direct hot-line system. In 2014, Vinamilk ranked 2nd in the list of the top 100 workplaces in Vietnam and was named the most attractive employer in regards to salaries, bonuses and quality of life in a well-known national survey.

In the seven year history of the "Stand High Vietnam Milk Fund", VNM has given nearly 23.5 million glasses of milk to more than 310 thousand disadvantaged Vietnamese children and continues to do so with the ultimate goal of "bringing milk to every child in Vietnam, everyday".



VICONSHIP (VSC)

SHAREHOLDER PROFILE (AT 30 JUNE 2015)

Foreign investors	49%
Domestic investors	51%

VIETNAM HOLDING'S INVESTMENT (AT 30 JUNE 2015)

Date of first investment	17 March 2008
Number of shares	3,522,571
Total investment	USD 7.81 million
Average purchase price	VND 19,014
% VNH shareholding	8.5%
Internal rate of return (annualized)	24.9%

TRADING INFORMATION (AT 30 JUNE 2015)

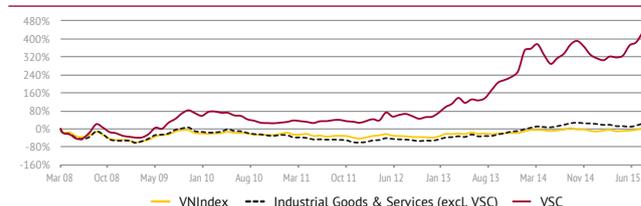
Traded on	HOSE
Date of listing	12 December 2007
Total shares outstanding	41 million
Share price	VND 48,400
52 week high	VND 49,839
52 week low	VND 39,640
Trailing P/E	7.8
2015 P/E	8.5
Price/Book	1.6

Sources: VSC audited financial statements and Bloomberg.

FINANCIAL HIGHLIGHTS (USD MILLION)

	2013	2014
Market capitalization	72.0	80.4
Equity capital	41.9	49.5
Revenues	37.8	42.0
Revenue growth (in VND) (%)	1.6	12.5
EBIT	14.6	14.3
NPAT	11.5	11.7
EPS (VND)	5,823	6,014
EPS growth (%)	4.7	3.3
Gross Margin (%)	38.3	35.0
EBIT Margin (%)	38.6	34.0
ROE (%)	27.2	23.4
D/E (x)	0.01	0.01
Current Ratio (x)	2.3	2.0

SHARE PRICE PERFORMANCE VS. VNINDEX



CORE BUSINESS

VSC is active in four integrated businesses comprising port services, container yards, cargo forwarding and truck transportation.

COMPANY BACKGROUND

VSC was founded in 1985 in Haiphong as part of the Vinalines Group. In 2002 it was equitized and was subsequently listed on HOSE in 2008. VSC is the only port services company without state ownership. VSC operates an international seaport (Green Port), which can simultaneously accommodate two ships of up to 20,000 DWT (deadweight tons) each. Green Port accounts for about 60% of VSC's total revenues and almost 80% of its net profits. The company's extensive 278,550m² container yards are strategically located in Haiphong near Green Port. This segment contributes 20% of revenues and nearly 10% of profits. Truck transport and cargo forwarding add 20% and 10% of total revenues and profits, respectively.

KEY STRENGTHS

VSC has built its reputation on the quality of its services, with professional management, a clear growth strategy and a consistent long-term vision. VSC provides a complete range of facilities from cargo loading to warehousing, container yard operation, in-land truck transport and freight forwarding.

BUSINESS STRATEGY AND EXECUTION

VSC has now completed its Green Port Logistic Center with two 7,500 square meter storage facilities on 15ha of land. The company also plans to construct a container port in the center of Dinh Vu Port with a capacity of 500,000 twenty-foot containers (TEU) per year. This will raise the total capacity of VSC there to 800,000 TEU per year. VSC also holds a 22% stake in a facility located next to the Dinh Vu Port, one of the most profitable ports in the Hai Phong area.

PERFORMANCE AND DEVELOPMENT

Revenues and net income increased by 12.5% and a more moderate 3.3% YoY respectively in FY2014. Strong revenue growth was achieved by impressive increases in the volume handled by the Container Freight Station and in inland transportation activity, at 21% and 40% respectively. In 21Q4, VSC successfully divested some low-profit-margin facilities such as two of its barges. However, fierce competition in the Hai Phong port area forced VSC to spend more on promotional activities, which led to lower operating margins. The company continues to maintain a healthy balance sheet with a high cash balance and a very low debt ratio.

OUTLOOK

In 2015, VSC expects to report a slight growth of 4.2% YoY in revenue and a decline of -5.5% YoY in net profit. Revenue growth will derive from the new logistics center that may run at 100% capacity compared to 70% in 2014. Yet, its net profits margins

continue to be squeezed due to the absence of VND 47bn in extraordinary earnings and increased spending on promotional activities as noted. Management still targets a 2015 dividend ratio at 20% on par thanks to its abundant cash position. With the new VIP Green Port coming into operation, we forecast a growth of 16.7% in revenue and 20.5% in net profit in 2016.

SUSTAINABILITY

Segregation of duties between the Chairman and the CEO has been consistently applied since 2011. Following our recommendation during VNH's Director Engagement Program visits, Viconship has been more active in designing and applying policies and programs on labor safety and environmental protection, including in the areas of energy efficiency and port cleanliness. Moreover, VSC began using an international standards auditor in 2013 (KPMG), and enhanced their investor relationship activities by improved interaction with investment funds and brokerage firms in Vietnam.

Furthermore, the Company also organizes diversified programs and social activities for employees. Specifically, 17 management level staff were sent overseas for training, 134 staff at middle level attended training courses in Vietnam and overseas, 42 staff were sent to English language training courses, while 545 staff attended periodic technical training.

Sustainability Report

As a long-term investor, we remain committed to the application of sound sustainability criteria in our value investing approach.

SUSTAINABLE INVESTING

As Vietnam's modernization continues to shape the society in which we deploy assets, major macro-shifts can be discerned, posing both challenges and opportunities. Rural development, urbanization and the growth of a more affluent demographic are examples of the trends that continue to seed change in local values and consumer patterns. As a responsible investor, we choose to invest in enterprises that demonstrate a commitment to positive change within the communities in which they operate and serve. By investing in the growth of living standards, more inclusive economic participation and higher value-added products we can capitalize on the positive developments of our portfolio companies. VNH avoids investments involving products and services with known negative effects. The fund's exclusion criteria cover businesses dealing in tobacco, firearms, distilled alcohol and gambling, among others. In addition, each short-listed investment is thoroughly screened for controversial business practices in an intensive due diligence process. Companies engaged in pollution, child labor, bribery or other damaging business practices are excluded from our investment consideration.

As part of the investment process, our investment team identifies key environmental, social and governance (ESG) issues through tailored industry analysis methods and direct requests for information from target companies. When sustainability issues have a real or potentially significant impact on revenues or costs, they are systematically factored into the investment analysis. By monitoring these material performance indicators, VNH engages individual portfolio companies on the basis of their ESG profile and seeks to catalyze positive change. Our divestment policy captures companies that fail to demonstrate real awareness of – or to consider improvements in – key sustainability issues.

ACTIVE ENGAGEMENT

As an active investor, VietNam Holding assigns a high priority to the engagement mandate entrusted to us by our shareholders. During the past fiscal year, our investment team has further developed its engagement initiatives, adding to the impressive results that have already been achieved. Many of the improvements in the areas of environmental practices, corporate social responsibility and corporate governance described in the previous section were the result of our active engagement.

VNH and its investment manager remain fully committed to pursuing a focused discussion of crucial ESG issues in our constant dialogue with investee companies.

Director Engagement

The Boards of Directors of VNH and its investment manager are committed to the established practice of engaging portfolio company executives in face-to-face meetings. Each VNH and VNHAM director is assigned to selected portfolio companies according to their industry specialization. In concert with members of the investment team, they follow a systematic engagement schedule of personal meetings with the management of our portfolio companies. The assigned analyst briefs each director on the important financial and ESG issues in advance of every visit, and directly benefits from attendance at the meetings. An important aspect of the directors' engagement is the element of seniority that the directors bring to the relationship. When meeting with the most senior VNH representatives, local executives are challenged to answer and discuss pertinent and well-informed inquiries.

Through these direct engagement visits VNH emphasizes the importance of enhanced company disclosure and transparency. In many cases, tangible progress in annual reports and company websites are noted, which rewards VNH's ongoing commitment to spread ESG awareness and enforcement throughout Vietnam's corporate community.

Results to date prove the effectiveness of our approach, and the directors of VNH and VNHAM will continue to develop their active engagement program.

VNH Forum

The VNH Forum events showcase international best practices through select international key-note speakers and panel sessions which also feature many local experts. The Forums target the senior executives of both private and state-owned enterprises. Through these events, VNH seeks to foster awareness of value investment and sustainability principles within Vietnam's investment community. Past speakers have included local and international experts from finance, industry, academia and government bodies.



VNHAM's investment analyst, Nguyen Anh Cuong (right) with the CEO of Dak Pone Hydropower (middle) and an advisor of Vietnam Energy and Environmental Consultancy, VNEEC (left) during the site visit in May 2015.



Dak Pone Hydropower is located in Kon Tum Province, a rural and mountainous region in Central Vietnam.

The 2015 Forum will focus on Corporate Responsibility. Our key note speaker Prof. Klaus Leisinger, a former Chairman of the Novartis Sustainable Development Foundation, was appointed by Kofi Annan as the Special Advisor to the United Nations Secretary General for the UN Global Compact. He is a Professor at the University of Basel, and teaches Corporate Ethics and Corporate Responsibility at several other universities. Prof. Leisinger will also host a special workshop on "Corporate Responsibility for Pharmaceutical Corporations in an Emerging Economy" for executives of Vietnam's major pharmaceutical companies.

Shareholder Voting

Over the past fiscal year VNH voted at the Annual General Meetings (AGMs) of every portfolio company in which the fund held an equity position at the time of the AGM.

The voting activity of VNH during that period was as follows:

- VNH attended 22 AGMs in which a total of more than 200 individual agenda items were proposed. The investment team considered each issue on the basis of strategic merit and long-term profitability.
- In most cases, VNH voted for the agenda items proposed by the companies' boards of directors. We voted "No" at the AGM of three investee companies: (i) on a planned expansion into a business which was totally unrelated to any of the company's core competencies, (ii) on an ESOP with an overly generous share allocation ratio, and (iii) no segregation of duty between the Chairperson and the CEO. We abstained from voting in four other cases: (i) a steel production company to penetrate an unrelated business, (ii) aggressive capital raising plans for two consecutive years, (iii) the appointment of a new independent board member, who we feared to be too busy with his own business to contribute to this investee company, and finally (iv) an investee company to retain a wholesale business with notoriously thin profit margins.

CO2 OFFSETTING

VNH is very conscious of its corporate carbon footprint. With offices in Vietnam and Switzerland as well as an international Board of Directors, the emission of greenhouse gases tied to our activity is relatively high compared to the size of the organization. The Company has been offsetting its CO2 emissions since 2010. The carbon footprint of our business activities for the respective fiscal years is calculated by considering the international and domestic air travel of our directors and staff as well as the energy consumption of our two offices. For the past fiscal year we have estimated that the carbon footprint of our travel activity amounts to 430.06 tons of CO2, while the energy consumed in our offices amounts to 88.57 tons. As in the previous years we offset the total 518.63 tons of CO2 by supporting the Dak Pone hydropower project located in Kon Tum Province, Central Vietnam.

By providing this rural and mountainous region with reliable and sustainable energy, this project displaces diesel generators and wood-fired lighting and heating. This leads to better air quality and reduces respiratory and eye diseases. In an effort to support sustainable development in the local communities, the project owner has funded the construction of canals, bridges, roads and a school. Also, local farmers are encouraged to broaden their agricultural activities in order to make them more sustainable. This includes implementing aquaculture, which reduces the need for logging to create more farmland.

In an effort to better understand the capacity and the impact of the Dak Pone project, a member of VNHAM's investment team visited this hydropower plant in May 2015. VNH was introduced to Dak Pone by Swiss-based South Pole Group, a globally leading developer and promoter of emission reduction projects. Through the project's advisor, Vietnam Energy and Environmental Consultancy (VNEEC), South Pole arranged the site visit in this very remote area.



IT infrastructure in the central control room.



The power house supplies electricity for roughly 11,400 households in the region.

VNHAM's delegate found that overall, the project deserves its Gold Standard® certification. The hydropower plant proved to be in good shape and economically sound, while acting responsibly towards the environment as well as the local population.

Discussions with residents in the surrounding areas showed that people are generally happy with the developments since the beginning of the project. It was noted that land compensations had been paid adequately and that the construction of the dam has had no significant consequences for the environment. In line with the Gold Standard® guidelines, biodiversity is well maintained and the fish passage is not endangered by the project.

Encouraged by these findings VNH continues to support and promote this commendable project which has had a very positive impact on the sustainable development of the local community while preserving the region's environment.

PARTNERSHIPS

Through the long-term relationships of our senior staff and advisors, and during the past nine eventful years as an investor in Vietnam, VNH has developed a strong local and international network of partnerships. The following organizations have contributed to shaping VNH's strategy and profile, and continue to support our desire to bring forward the sustainability agenda in Vietnam:

ASrIA



VNH continues to support the Association for Sustainable & Responsible Investment in Asia. We look forward to further association initiatives that encourage the sustainable investment dialogue in Vietnam within the context of Asia's private and public capital markets.

Global Compact



VietNam Holding Asset Management has been a founding and active member of the Global Compact network in Vietnam since 2007. Managed by the United Nations, the Global Compact is a strategic policy initiative for companies that wish to align their activities with ten key principles in the public and private sectors. At VNH, we continue to do so.

UN PRI



At its AGM in 2009, shareholders voted to endorse the comprehensive alignment of VNH's investment policy with the United Nations Principles for Responsible Investment. As a consequence, ESG factors are now fully incorporated into our investment analysis and engagement strategy.

South Pole Group



South Pole Carbon has helped VNH to calculate its CO2 footprint for the past five fiscal years and to identify a suitable project in Vietnam to properly and meaningfully offset harmful emissions. South Pole Carbon is a Swiss-based global leader in the development of emission reduction projects, the providing of climate action solutions, and active carbon asset management.



Vietnam: Meeting the Sustainability Challenge

Like all rapidly changing emerging markets, Vietnam faces its share of sustainability issues.

Moving quickly from an agricultural economy to one based on consumer products and export goods, the country increasingly faces the need to protect its many resources for its future generations. It was not always so. For much of its troubled history, the watchword in Vietnam was survivability, not sustainability. That is rapidly changing and concerned organizations such as the VietNam Holding family of companies are doing their part to help.

Encouraged by outside assistance, Vietnam has done much in the last ten years to increase public and governmental awareness of sustainability issues and their possible solutions. Since 2004, sustainable development has been a major objective of the Communist Party of Vietnam. As a result, a number of key ministries and local governments have designed and enacted sustainable development policies in support of that objective. They are focused on protecting Vietnam's environment, building and maintaining social fairness and equality, and achieving this in a lawful and transparent way.

In 2012, the National Council on Sustainable Development was established to advise Vietnam's Prime Minister and provide guidance to ensure proper sustainability implementation and monitoring on a national scale. Vietnam has also established the Vietnam Business Council on Sustainable Development (VBCSD) to facilitate businesses in integrating environmental, social and governance (ESG) related concerns into their practices. VietNam Holding Asset Management is a co-founder of the VBCSD.

Over the last few years, Vietnam has introduced a range of anti-corruption measurements, which facilitated the pursuit of investigations against corrupt business leaders as well as government officials. Several of these investigations lead to trials and convictions to long jail terms. However, the general perception is that these efforts are well short of an unconditional commitment to fight large-scale corruption.

One of Vietnam's governance challenges is that most public employees' official earnings are so low that resorting to securing creative complimentary sources of income is a necessity to maintain a minimum sustainable living standard rather than an action driven by greed. This is true not just for the military and police, but petty corruption can be found in the education, health and many other public sectors. It has been reported that a qualified and experienced surgeon has a lower income than the typical taxi driver. Adjusting all the salaries across the entire public sector would not only create havoc to the national budget, but would also rekindle inflation.

In addition to generating gradual improvement in corporate and public governance issues, Vietnam has also achieved encouraging social results, including poverty reduction, job creation, broader education and improved health. The country's poverty rate has been reduced significantly from about 29% in 2002 to near 9.5% today. Vietnam's gender equality index is higher than many countries with a similar level of development and income. The human development index has also improved over the years. Yet it still remains comparatively low with Vietnam ranking 121st in 2014, up from 128th in 2011 among 187 countries surveyed¹.

Environmental laws and policies have been regularly amended and revised during the last few years and now provide much-improved guidelines for environmental protection in specific industries. Funding has been increased for environmental protection, pollution prevention and control, and biodiversity conservation. Vietnam has now mobilized the necessary resources to build a system of clean water supply for over 80% of the urban population. The rate of urban solid waste collection has also improved, and is now estimated at about 82% in downtown areas.

“Encouraged by outside assistance, Vietnam has done much in the last ten years to increase public and governmental awareness of sustainability issues and their possible solutions.”

¹ UNDP 2014 Human Development Report.

Vietnam has also developed a green growth strategy to cope with climate change. The strategy includes restructuring, restricting and gradually phasing out industries that require extensive resources and pollute the environment, the forced reductions in greenhouse gas emissions, and the increase of renewable energy use and available sustainable consumption.

For Vietnam's businesses, the sustainability landscape has been steadily evolving. Increasing media coverage of issues such as climate change, air and wastewater pollution, poor labor practices and corruption are catalysts for positive change. As a result of programs such as VietNam Holding's own annual Forums, concerned organizations are playing a key role in broadening ESG awareness and education. Vietnam's CEOs are more aware than ever that satisfying societal needs and protecting the interests of future generations are increasingly important to the success of their businesses.

Much remains to be done. Natural resources, particularly water and biodiversity resources have significantly diminished. Environmental pollution and wasteful exploitation of land and mineral resources due through economic development remain critical issues and are the focus of continued governmental and private sector efforts.

Vietnam's impressive economic growth has seen energy demand more than double between 2001 and 2011. It is likely to double again in the next 10 years if economic growth remains robust. New 'green standards' were recently launched and have attracted both developers and investors. The IFC expects that about 20% of newly constructed buildings in Vietnam will be certified with the new standards by 2021.

Numerous global entities play a growing role. The World Bank is one of the biggest donors that also assist Vietnam in dealing with such issues. Most of the USD 3.09bn with which it will finance on-going projects are related to environment and resource improvements.

“Vietnam's impressive economic growth has seen energy demand more than double between 2001 and 2011. It is likely to double again in the next 10 years if economic growth remains robust.”

The Asian Development Bank has committed to provide Vietnam with over USD 5bn during 2014-2017, a modest but important portion of which will support a range of social and environmental projects and sectors. The Asian Football Confederation financed nearly USD 120 million in 2014, of which about 20% was dedicated to climate change and environmental improvement.

These global organizational efforts, together with those of concerned companies such as VietNam Holding, will continue to play a key role in meeting the many sustainability challenges inherent in the progression of Vietnam's vibrant and fast growing economy, and its changing and demanding population.



Directors' Report

The Board of Directors continues to play a key role in the operation of the Company.

It makes all policy decisions on investment strategies, portfolio allocations, investment risk profiles, capital increases and profit distributions to Shareholders. It also appoints the Investment Manager, to whom it provides appropriate guidance and instruction.

The Board is also responsible for reviewing the Company's Investment Policy and the performance of its investment portfolio. In particular, the Board is required to approve all investments, which are over 4% of the Net Asset Value at the time the investment is made. Sales of investments where the Company holds 4% or greater of the total share capital of the respective portfolio companies are also subject to the approval of the Board.

As a Cayman Islands incorporated company that is admitted for trading on AIM and with a secondary listing on the Entry Standard of the Deutsche Börse, the Company is not required to, and does not comply with any particular code of corporate governance. However, the Directors recognise the importance of sound corporate governance commensurate with the size of the Company and the interests of Shareholders. In reflection of this strong belief, the Company has adopted a comprehensive code of ethics. The Directors also comply with the AIM Rules, including Rule 21 relating to directors' dealings. The Company has additionally adopted a code for directors' dealings in securities of the Company based on the model code annexed to chapter 9 of the Listing Rules.

Presently, the Board consists of three non-executive Directors, all of whom are regarded by the Board as independent, including the chairperson, and are subject to re-election annually:

Mrs. Min-Hwa Hu Kupfer, Chairperson
Professor Rolf Dubs
Mr. Nguyen Quoc Khanh

The Board gives careful consideration when recommending Directors for re-election, and believes that length of service alone does not necessarily restrict Directors from seeking re-election.

The Board maintains two committees: an Audit Committee; and a Corporate Governance Committee. Both committees are made up of all three Directors who work closely on all board and committee matters.

The Audit Committee, chaired by Mr. Nguyen Quoc Khanh, is responsible for appointing the Auditors, subject to Shareholder approval, and reviewing the results of all audits. It is also responsible for establishing internal business controls and audit procedures. The internal compliance audit function has been delegated to an external audit firm, which submits periodic internal audit reports to the Chairperson of the Board's Audit Committee.

The Corporate Governance Committee, chaired by Professor Rolf Dubs, is responsible for the governance of the Company and the Company's relationships with multiple constituents, including the Investment Manager and its affiliates.

In fiscal year 2015, the Board met quarterly and additionally held three telephonic meetings. A main corporate item during the year was the issuance of 19,977,746 warrants, which was approved by shareholders in an Extraordinary General Meeting in April 2015. At the same time, shareholders also granted the Company a deferral of its next continuation vote from 2016 to 2018. The Board demonstrated that allowing the Company to continue to operate in its current form for three additional years should provide a better period for the warrants to fulfill their potential value. The warrants were admitted to AIM for trading on 5 June 2015.

Concurrently with each formal meeting, the Board reviewed extensively with the Investment Manager the status and the performance of the portfolio, including investment themes, pipelines, divestures, industry trends and peer group performance comparisons. Following the recommendations made under the portfolio management policy of the Investment Manager, the Board approved and ratified, as the case may be, the asset allocation limits and target position of each equity investment in every quarterly review.

As part of these actions, the Board approved and monitored portfolio rebalancing activities in which the Investment Manager exited twelve portfolio companies and initiated nine new investments, lowering the number of equity holdings in the portfolio from twenty-six a year ago to twenty-three at 30 June 2015. Among the exits were four investments where the Company held more than 4% of the outstanding shares of the respective portfolio companies.

The Company's share buy-back program and share price discount control efforts were also reviewed quarterly during the Board meetings. As has been the case for several years, the Company held investor presentations in Zurich and London at which the Directors met and engaged with shareholders. Additional investor presentations were made in Basel and Frankfurt. The Board regularly reviewed other investor-relations activities, any coverage by brokerage research and investment analysts, and all investor communications.

The **Audit Committee** held four meetings in the past year in parallel with the Board meetings. In each one, the Chair of the Investment Manager's Risk Management Committee reviewed with the Audit Committee the Master Risk Matrix. In addition, it reviewed compliance reporting and evaluated risk control issues.

The **Corporate Governance Committee** also met four times together with the quarterly Board meetings. As part of each meeting's agenda, the Investment Manager presented its strategic plans, financial position, and organizational development activities. Throughout the year, the Committee evaluated the communications between the Chairperson and the Board members, the timeliness and completeness of the Board meeting material submission, and the overall effectiveness of each Board meeting.

The Committee also conducted the yearly performance review of the Investment Manager and approved the Key Performance Indicators as jointly recommended by the CEO and the Board of the Investment Manager. The Committee also oversaw the annual certification of the "VNH Code of Ethics" by all employees and Board members of both the Investment Manager and the Company.

Remuneration

The remuneration of each of the Company's Directors contains two parts:

1. Base Fee
2. Committee and Board related service, including attendance of Committee and Board meetings, based on the number of days worked.

In 2015, the Company's Directors Base Fees were:

Mrs. Min-Hwa Hu Kupfer	USD 28,000
Professor Rolf Dubs	USD 20,000
Mr. Nguyen Quoc Khanh	USD 20,000

For attendance in person at each Committee and Board meeting, which took place quarterly, each Director was paid USD 1,500 per day. For attending any Committee or Board meeting held telephonically, each Director was paid USD 750 per meeting. Each Director was also compensated USD 1,500 for each day of rendering services related to Committee and Board initiatives.

The total remuneration of the Company's Directors in FY2014-15 as the result of meeting attendance and Committee work was USD 189,500 as follows:

Mrs. Min-Hwa Hu Kupfer Chairperson	USD 85,000
Professor Rolf Dubs Director & Chair of Corp. Governance Committee	USD 53,000
Mr. Nguyen Quoc Khanh Director & Chair of Audit Committee	USD 51,500

In addition, Mrs. Kupfer was awarded a USD 35,000 discretionary bonus as the Board recognized her contribution to the Company during the prior fiscal year, which ended on 30 June 2014.

Ownership of VietNam Holding

Mrs. Min-Hwa Hu Kupfer	36,667 shares
Professor Rolf Dubs	30,000 shares, 10,000 warrants
Mr. Nguyen Quoc Khanh	10,000 shares, 3,333 warrants

During the fiscal year, Professor Rolf Dubs and Mr. Nguyen Quoc Khanh received 10,000 and 3,333 warrants respectively resulting from the latest warrant issuance. As a US resident, Mrs. Kupfer is restricted from receiving the 12,222 warrants as issued. Therefore, upon their final maturity, should the warrants be sufficiently in the money, a Trustee appointed by the Company may at its discretion exercise the warrants that were restricted from distribution at the time of their issuance. The Trustee will immediately sell the resulting shares on the market and Mrs. Kupfer may receive from the Trustee the proceeds from such sale net of costs (if the amount is greater than USD 20).

On behalf of the Board of Directors:



Min-Hwa Hu Kupfer
Chairperson
19 August 2015



Independent Auditors' Report



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To the Shareholders of
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Report on the financial statements

We have audited the accompanying financial statements on pages 10 to 25 of VietNam Holding Limited ("the Company"), which comprise the statement of financial position as at 30 June 2015, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2015, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

KPMG LLP

KPMG LLP

Public Accountants and Chartered Accountants

Singapore

19 August 2015

Statement of Financial Position

as at 30 June 2015

	Note	2015 USD	2014 USD
Assets			
Cash and cash equivalents		4,146,270	2,459,814
Investments in securities at fair value	3	120,754,647	118,526,227
Accrued dividends		500,219	625,811
Receivables on sale of investments		620,123	693,059
Other receivables		2,123	-
Total assets		126,023,382	122,304,911
Equity			
Share capital	5	114,375,064	120,094,331
Retained earnings		9,984,471	392,362
Total equity, representing net assets attributable to shareholders		124,359,535	120,486,693
Liabilities			
Payables on purchase of investments		955,420	605,360
Other payables		144	-
Accrued expenses		708,283	1,212,858
Total liabilities		1,663,847	1,818,218
Total equity and liabilities		126,023,382	122,304,911

The financial statements on pages 25 to 40 were approved by the Board of Directors on 19 August 2015 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 year ended 30 June 2015

	Note	2015 USD	2014 USD
Dividend income from equity securities at fair value through profit or loss		4,070,467	4,087,013
Net gain from equity securities at fair value through profit or loss	7	9,990,217	23,123,195
Net foreign exchange loss		(125,693)	(16,647)
Net investment income		13,934,991	27,193,561
Investment management fees	8	2,444,321	2,142,403
Incentive fees	8	580,890	954,449
Advisory fees		185,162	149,834
Administrative and accounting fees	10	93,032	95,281
Custodian fees	9	141,333	141,827
Directors' fees and expenses	8	317,586	296,238
Brokerage fees		71,822	56,571
Audit fees		36,457	42,334
Publicity and investor relations fees		160,510	267,344
Insurance costs		15,500	45,000
Administrative expenses		199,860	229,240
Risk management expenses		67,626	100,000
Technical assistance for investee companies		28,783	41,260
Total operating expenses		4,342,882	4,561,781
Change in net assets attributable to shareholders		9,592,109	22,631,780
Earnings per share – basic and diluted	14	0.16	0.37

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

Statement of Changes in Equity

for the year ended 30 June 2015

	Share capital USD	Reserve for own shares USD	Retained earnings USD	Total USD
Balance at 1 July 2013	110,944,115	(1,436,175)	(22,239,418)	87,268,522
Total comprehensive income for the year				
Change in net assets attributable to shareholders	-	-	22,631,780	22,631,780
Total comprehensive income	-	-	22,631,780	22,631,780
Contributions and distributions				
Issuance of ordinary shares	15,189,736	-	-	15,189,736
Repurchase of own shares (note 5)	-	(4,597,450)	-	(4,597,450)
Warrants issuance cost	(5,895)	-	-	(5,895)
Total contributions and distributions	15,183,841	(4,597,450)	-	10,586,391
Balance at 30 June 2014	126,127,956	(6,033,625)	392,362	120,486,693
Balance at 1 July 2014	126,127,956	(6,033,625)	392,362	120,486,693
Total comprehensive income for the year				
Change in net assets attributable to shareholders	-	-	9,592,109	9,592,109
Total comprehensive income	-	-	9,592,109	9,592,109
Contributions and distributions				
Issuance of ordinary shares	95,445	-	-	95,445
Shares cancellation	(292,655)	292,655	-	-
Repurchase of own shares (note 5)	-	(5,672,230)	-	(5,672,230)
Warrants issuance cost	(142,482)	-	-	(142,482)
Total contributions and distributions	(339,692)	(5,379,575)	-	(5,719,267)
Balance at 30 June 2015	125,788,264	(11,413,200)	9,984,471	124,359,535

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



Statement of Cash Flows

for the year ended 30 June 2015

	Note	2015 USD	2014 USD
Cash flows from operating activities			
Change in net assets attributable to shareholders		9,592,109	22,631,780
Adjustments to reconcile change in net assets attributable to shareholders to net cash from operating activities:			
Dividend income		(4,070,467)	(4,087,013)
Net gain from equity securities at fair value through profit or loss		(9,990,217)	(23,123,195)
Purchase of investments		(52,747,130)	(38,903,628)
Proceeds from sale of investments		60,858,987	27,339,735
Net foreign exchange loss		125,693	16,647
Decrease in receivables on sale of investments		70,813	632,995
(Decrease)/increase in accrued expenses		(409,130)	875,529
Increase in other payables		144	-
Dividends received		4,196,059	3,835,310
Net cash from/(used in) operating activities		7,626,861	(10,781,840)
Cash flows from financing activities			
Issuance of ordinary shares*		-	15,189,736
Repurchase of own shares	5	(5,672,230)	(4,597,450)
Warrants issuance cost		(142,482)	(5,895)
Net cash (used in)/from financing activities		(5,814,712)	10,586,391
Net increase/(decrease) in cash and cash equivalents		1,812,149	(195,449)
Cash and cash equivalents at beginning of the year		2,459,814	2,671,910
Effect of exchange rate fluctuations on cash held		(125,693)	(16,647)
Cash and cash equivalents at end of the year		4,146,270	2,459,814

Significant non-cash transaction:

*On 27 August 2014, 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 2014, it had agreed that 63,499 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 25 March 2015.

Notes to the Financial Statements

Year ended 30 June 2015

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 the 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 & CARD Ltd., Fourth Floor, Zephyr House, 122 Mary Street, PO Box 709 GT, Grand Cayman, KY1-1107, Cayman Islands.

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 and the Entry Standard of the Frankfurt Stock Exchange are in USD and Euro, respectively. 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

Year ended 30 June 2015

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.

(c) Changes in accounting policies

Except for the changes below, the Company has consistently applied the accounting policies as set out in Note 2 (d) to (l) to all periods presented in these financial statements.

The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2014.

(a) Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (2012)

The Fund has adopted Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (2012) (the amendments) with a date of initial application of 1 July 2014. Management concluded that the Fund meets the definition of an investment entity. The Fund has no subsidiaries; therefore, the amendments did not have an impact on the Fund's financial statements.

(b) Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) (2014)

The amendments clarify that an entity currently has a legally enforceable right to set off if that right is not contingent on a future event; and, enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties gross settlement is equivalent to net settlement if and only if the gross settlement mechanism has features that eliminates or results in insignificant credit and liquidity risk; and, process receivables and payables in a single settlement process or cycle. The adoption of the above amendment did not have an impact on the financial statements.

(d) 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.

(e) 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

2 PRINCIPAL ACCOUNTING POLICIES (continued)

(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.

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 30 June 2015, 3.1% (2014: 1.2%) of the valuations of the net assets of the Company were based on quotes obtained from brokers.

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.



Notes to the Financial Statements

Year ended 30 June 2015

2 PRINCIPAL ACCOUNTING POLICIES (continued)

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.

(f) 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.

(g) 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.

(h) 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.

(i) Taxation

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.

2 PRINCIPAL ACCOUNTING POLICIES (continued)

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% (2014: 0.1%) on the sales proceeds of the onshore sale of equity investments.

(j) 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.

(k) 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.

(l) Fee and commission expense

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

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.



Notes to the Financial Statements

Year ended 30 June 2015

3 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

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:

	2015		2014	
	Fair value in USD	% of net assets	Fair value in USD	% of net assets
Shares and similar investments – listed	116,850,605	93.96%	117,131,478	97.22
Shares and similar investments – unlisted	3,904,042	3.14%	1,394,749	1.16
	120,754,647	97.10%	118,526,227	98.38

At 30 June 2015, a 5% reduction in the market value of the portfolio would have led to a reduction in NAV and profit or loss of USD6,037,732 (2014: USD5,926,311). 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 30 June 2014 the Company had the following foreign currency exposures:

	Fair value	
	2015 USD	2014 USD
Vietnamese Dong	122,940,708	120,036,280
Pound Sterling	24,575	11,144
Swiss Franc	26,470	13,350
Euro	14,469	997
	123,006,222	120,061,771

At 30 June 2015, 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 USD6,147,035 (2014: USD6,001,814), USD1,229 (2014: USD557), USD1,324 (2014: USD668) and USD723 (2014: USD50) respectively. A 5% increase in value would have led to an equal and opposite effect.

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.

3 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

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 30 June 2015, 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 USD5,268,735 (2014: USD3,778,684).

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 30 June 2015 and 30 June 2014. All of the Company's investment income can be attributed to Vietnam for the years ended 30 June 2015 and 30 June 2014.

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 USD100,000,000 divided into 100,000,000 ordinary shares of USD1 each. On 23 September 2010, during its Annual General Meeting, the shareholders approved that the Company's authorised share capital be increased by USD100,000,000, divided into 200,000,000 shares of a nominal or par value of USD1.00 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 USD2 per ordinary share. The ISIN number of the ordinary shares is KYG9361X043.

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



Notes to the Financial Statements

Year ended 30 June 2015

5 SHARE CAPITAL (continued)

	2015 No. of shares	2014 No. of shares
Total shares issued and fully paid (after repurchases and cancellations) at beginning of the year	67,537,240	54,836,792
Shares issued upon exercise of warrants during the period	-	12,700,448
Shares cancellation	(301,501)	-
	67,235,739	67,537,240
Repurchased and reserved for own shares		
At beginning of the year	(4,815,215)	(1,306,381)
During the year	(3,369,285)	(3,508,834)
Shares reissued to ordinary shares	63,499	-
Shares cancellation	301,501	-
	(7,819,500)	(4,815,215)
Total outstanding ordinary shares with voting rights	59,416,239	62,722,025

As a result, as at 30 June 2015 the Company has 59,416,239 (2014: 62,722,025) ordinary shares with voting rights in issue (excluding the reserve for own shares), and 7,819,500 (2014: 4,815,215) are held as reserve for own shares. The Company strives to invest the capital raised to meet the Company's investment objectives which are to achieve long term capital appreciation through a diversified portfolio of companies that have high potential in Vietnam. The Company achieves this aim by investing principally in securities of former State-owned Entities ("SOEs") in Vietnam prior to, at or after such securities becoming listed on the Vietnam stock exchange.

The Company does not have any externally imposed capital requirements.

Incremental costs directly attributable to the issue or redemption of ordinary shares are recognised directly in equity as a deduction from the proceeds or part of the acquisition cost.

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 USD1.998. A total of 19,977,746 warrants were issued and were listed on London Alternative Investment market. At the reporting date 19,977,746 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 USD124,359,535 (2014: USD120,486,693) 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 (2014: none).

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

	2015 USD	2014 USD
Net gain from equity securities at fair value through profit or loss:		
Realised gain	16,802,070	38,415
Adjustment to fair value of equity securities at fair value through profit or loss	(6,811,853)	23,084,780
	9,990,217	23,123,195

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 USD100 million, one-twelfth of two per cent.;
- On the amount of the Net Asset Value of the Company above USD100 million up to and including USD150 million, one-twelfth of 1.75 per cent.; and
- On the amount of the Net Asset Value of the Company that exceeds USD150 million, one-twelfth of 1.50 per cent.

The management fee accruing to the Investment Manager for the year to 30 June 2015 was USD2,444,321 (2014: USD2,142,403).

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. Excess performance amount is calculated as follows:

Excess Performance amount = (Adjusted NAV per share – Initial High Water Mark) x Weighted Average number of shares

The initial high water mark is equal to 30 September 2013 NAV per share increased by 8%. After the initial accounting period (i.e. 30 June 2015), the initial high water mark will be compounded by 5% annually.

The fee is calculated and payable as set out in the Investment Management Agreement Side Letter dated 11 September 2013.

	2015 USD	2014 USD
Performance fee	580,890	954,449

Directors' fees and expenses

The Board determines the fees payable to each Director, subject to a maximum aggregate amount of USD350,000 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 year for the Directors fees were USD224,500 (2014: USD170,750) and expenses were USD93,085 (2014: USD125,488).

Directors' ownership of shares and warrants

As at 30 June 2015, three Directors, Min-Hwa Hu Kupfer, Nguyen Quoc Khanh and Rolf Dubs held 36,667 (2014: 36,667), 10,000 (2014: 10,000) and 30,000 (2014: 30,000) ordinary shares of the Company respectively, representing 0.06% (2014: 0.06%), 0.02% (2014: 0.02%) and 0.05%(2014: 0.05%) of the total shares outstanding.



Notes to the Financial Statements

Year ended 30 June 2015

8 RELATED PARTY TRANSACTIONS (continued)

During the year, Min-Hwa Hu Kupfer, Nguyen Quoc Khanh and Rolf Dubs exercised nil (2014: 6,667), nil (2014: nil) and nil (2014: 10,000) warrants to subscribe ordinary shares, amounting to nil (2014: 16,667) and nil (2014: 0.13%) of the total warrants issued respectively.

9 CUSTODIAN FEES

Custodian fees are charged at a minimum of USD12,000 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 USD12,000 per annum. Transaction fees, money transfers fees and other fees are charged on a transaction basis.

The charges for the year for the Custodian fees were USD141,333 (2014: USD141,827).

10 ADMINISTRATIVE AND ACCOUNTING FEES

The administrator receives a fee of 0.07% per annum for AUA less than USD100,000,000; or 0.06% per annum for AUA greater than USD100,000,000 calculated on the basis of the net assets of the Company, subject to an annual minimum amount of USD5,500 per month.

The charges for the year for the Administration and Accounting fees were USD93,032 (2015: USD95,281).

11 CONTROLLING PARTY

The Directors are not aware of any ultimate controlling party as at 30 June 2015 or 30 June 2014.

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.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, London Stock Exchange, Frankfurt Stock Exchange, New York Stock Exchange) and exchange traded derivatives like futures (for example, Nasdaq, S&P 500).
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This level includes the majority of the OTC derivative contracts, traded loans and issued structured debt. The sources of input parameters like LIBOR yield curve or counterparty credit risk are Bloomberg and Reuters.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

12 FAIR VALUE INFORMATION (continued)

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
2015				
Financial assets classified at fair value upon initial recognition				
Equity investments	116,337,749	4,416,898	-	120,754,647
2014				
Financial assets classified at fair value upon initial recognition				
Equity investments	117,131,478	-	1,394,749	118,526,227

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.

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. For fair value measurements in Level 3, if the reasonable possible alternative assumptions were increased/decreased by 10%, the impact on profit/(loss) would be nil (2014: USD139,475).

Level 3 reconciliation

Financial assets designated at fair value through profit or loss	2015 USD	2014 USD
Balance at 1 July	1,394,749	7,913,006
Sales	-	(10,192,834)
Purchases	-	1,417,353
Transfers to level 1	(1,394,749)	-
Total gains and losses recognised in profit or loss *	-	2,257,224
Balance at 30 June	-	1,394,749

* 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.



Notes to the Financial Statements

Year ended 30 June 2015

13 CLASSIFICATIONS 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
2015					
Cash and cash equivalents		-	4,146,270	-	4,146,270
Investments in securities at fair value	3	120,754,647	-	-	120,754,647
Accrued dividends		-	500,219	-	500,219
Receivables from sale of investments		-	620,123	-	620,123
Other receivable		-	2,123	-	2,123
		120,754,647	5,268,735	-	126,023,382
Payables on purchase of investments		-	-	955,420	955,420
Other payable		-	-	144	144
Accrued expenses		-	-	708,283	708,283
		-	-	1,663,847	1,663,847
2014					
Cash and cash equivalents		-	2,459,814	-	2,459,814
Investments in securities at fair value	3	118,526,227	-	-	118,526,227
Accrued dividends		-	625,811	-	625,811
Receivables from sale of investments		-	693,059	-	693,059
		118,526,227	3,778,684	-	122,304,911
Payables on purchase of investments		-	-	605,360	605,360
Accrued expenses		-	-	1,212,858	1,212,858
		-	-	1,818,218	1,818,218

14 EARNINGS PER SHARE

The calculation of earnings per share at 30 June 2015 was based on the change in net assets attributable to ordinary shareholders of USD9,592,109 (2014: USD22,631,780) and the weighted average number of shares outstanding of 60,782,065 (2014: 60,599,915).

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 2014, and have not been applied in preparing these financial statements. Those that may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

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Signatory of:



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.



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