VietNam Holding

Interim Report 2017

"Following discussion with a number of the Fund's major shareholders, the previous Board stepped down at the AGM on 21 September 2017, and five new directors were appointed. The new Board has initiated a broad review of all aspects of the Fund and has already introduced certain changes over the past 5 months. The discount to NAV has been reduced from a weekly average of 16.63% to 13.36%. Estimated NAV calculations are now published daily, instead of weekly. And all contractual entitlements of the Board to bonuses and sharing in the incentive fee paid to the Manager have been removed."

Sean Hurst, Chairman
VietNam Holding Limited

Performance

1 July to 31 December 2017

8.7% — **VNH NAV per share**

16.1% — **VNH share price**

22.4% — **VNAS Index USD-adjusted**

"The six months from June to December 2017 were characterized by a continuous rise of the market indices. The VN All Share Index Total Return gained by an impressive 22.2% while the NAV of the VNH portfolio increased by a more modest 8.7% during this period. This divergence between the benchmark index and VNH's NAV performance is explained by the ongoing, unsustainably strong increase in price of many large cap stocks. Emphasizing this, VNH performed better than the market amid the February correction, which speaks to the resilience and attractive valuation of VNH's mid-cap centric portfolio."

Jean-Christophe Ganz, Chairman
VietNam Holding Asset Management Limited

Vu Quang Thinh, Director and CEO
VietNam Holding Asset Management Limited

Chairman's Statement

Dear Shareholder,

I am pleased to announce the interim results for the six months ended 31 December 2017.

Changes to Board

Following discussion with a number of the Fund's major shareholders, the previous Board stepped down at the AGM on 21 September 2017, and five new directors were appointed. The new Board comprises Hiroshi Funaki, Sean Hurst, Milton Lawson, Damien Pierron and Philip Scales. Full biographies are below on page 37. I was nominated as Chairman in December.

> "Over the six months to 31 December 2017, the share price increased by 8.70% and the discount correspondingly contracted from 22.08% to 12.47%."

Corporate Governance

The new Board has initiated a broad review of all aspects of the Fund, particularly in the area of Corporate Governance but with a key objective of retaining those elements such as the investment strategy that have delivered long term outperformance. Although this process is ongoing, I would like to highlight certain changes that we have already introduced in the past 5 months.

Share Buyback

At the AGM shareholders authorised a buyback of up to 10% of shares outstanding. While the Fund trades at a discount to its NAV per share, the Board believes that an excellent use of the Fund's capital is to repurchase shares at a discount to NAV for immediate cancellation. Such repurchases provide a certain, near immediate and substantial return on the capital used, accreting value to NAV per share. Since the AGM the Fund has repurchased 4,050,434 shares. The average weekly discount in the 5 months before and after the AGM has narrowed from 16.63% to 13.36%, and the average weekly volume over the same period has increased from 134,870 to 184,111 per week.

The Fund has also increased the published estimated NAV frequency from weekly to daily, reporting this shortly after market close in Vietnam.

Board Remuneration

Under the original terms of the Fund, reiterated in subsequent offering documents, the Board was entitled to a share of the investment manager's incentive fee. In 2015, the former Chairperson waived her entitlement to this but was instead granted an annual discretionary bonus paid directly by the Fund. The new Board and the major shareholders believe that non-executive directors routinely receiving a bonus or sharing in the investment manager's incentive fee share created an inherent conflict of interest, as one of the Board's most important duties is assessing the performance of the investment manager. The new Board has therefore removed any such contractual entitlement from our appointment letters and will not be receiving any such incentive fee payments.

During the review it has become clear that the Fund's published annual reports failed to properly disclose the previous Board's full remuneration. In particular, the Fund paid the former Chairperson a bonus of USD 150,000 in 2016/17 that was not disclosed in the annual report in respect of the year to 30 June 2017. Further, the Fund paid her a bonus of USD 100,000 the day before she stepped down from the Board in September 2017. The Board is investigating whether these payments are recoverable.

Portfolio Management

A further unusual feature of the previous Board was their heavy involvement in portfolio management decisions. The new Board believes this is best left to the portfolio management team. The Board has reduced its role in portfolio management to the extent possible, except where required by the investment guidelines set out in the Fund's Admission Document from 2006.

Change in advisers

One of the first acts of the new Board was to appoint a new advisory team. finnCap has been appointed as Nominated Adviser, Financial Adviser and Corporate Broker to the Fund, Stephenson Harwood has been appointed as UK Legal Counsel and Carey Olsen as Cayman Islands Legal Counsel. The Board would like to take this opportunity to thank the previous advisers for their help in

Chairman's Statement
Continued

making it a smooth transition and for their previous services.

Performance

The NAV per share increased by 8.7% to USD 3.122 in the last six months of 2017, compared to a 22.2% total return in the Vietnam All Share Index (the VNAS Index). For the full calendar year 2017 the NAV increased by 17.8% (27.5% before the effects of warrant dilution and share buybacks), compared to a full year gain of 53.6% in the VNAS Index. This was the Fund's first calendar year of underperformance since 2012. Over the past five years to 31 Dec 2017 the NAV has grown by 18.8% per annum compared to a 15.0% pa increase in the VNAS Index.

Over the six months to 31 December 2017, the share price increased by 8.70% and the discount correspondingly contracted from 22.08% to 12.47%.

> "The NAV per share increased by 8.7% to USD 3.122 in the last six months of 2017."

The Investment Manager's report (below) discusses performance more fully, but the Board are conscious of the recent underperformance and will continue to monitor it closely.

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

Sean Hurst, Chairman
VietNam Holding Limited
6 March 2018


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Investment Manager's Report

The six months from June to December 2017 were characterized by a continuous rise of the market indices reflecting the favorable macroeconomic indicators and a renewed interest of foreign investors in the Vietnamese securities markets.

Our benchmark, the VN All Share Index Total Return (VNASTR) gained by an impressive 22.2% during the period under review. By comparison, the NAV of the VNH portfolio increased in the same six month period by a more modest 8.7%. This divergence between the benchmark index and VNH's NAV performance is explained by the ongoing, unsustainably strong increase in price of many large cap stocks represented by the large-cap index VN30. The divergence in performance is also reflected in the total P/E valuation of the large-cap index VN30 of a tad below 20x at year-end 2017, whereas the VNH portfolio showed a weighted P/E of 16x at year-end.

The strong surge in January was followed by an abrupt correction in early February, reflecting the one observed on all global markets. The Vietnamese market has since regained significant ground, comforting our positive opinion on the Vietnam investment case. Notably, VNH performed better than the market amid the February correction which speaks to the resilience and attractive valuation of VNH's mid-cap centric portfolio. We continue to forecast a good 2018 for the Vietnamese market, though being less extremely and less persistently bullish as 2017.

1. Our Investment performance in the period July-December 2017

The long-term value investment strategy that we consistently applied since inception of VNH was not rewarded in 2017. In fact, the mid-cap centric approach we follow penalized our portfolio when comparing our NAV performance to the large caps included in the VN30 index, as a result of the above mentioned divergence in performance of this segment.

The period under review recorded an intense investment and divestment activity: a notable achievement was the divestment from VNH's largest

> **"VNH performed better than the market amid the February correction which speaks to the resilience and attractive valuation of VNH's mid-cap centric portfolio."**

investment Traphaco JSC in November 2017. The company began as a medicine production workshop of the Vietnam Railway Health Authority and evolved into a full-service pharmaceutical company. Today, it is a leading pharmaceutical company in Vietnam specialized in traditional herbal medication. From an environmental, social and governance (ESG) perspective, Traphaco is a member of the union for ethical biotrade, has put in place a sustainable development strategy and implemented the "GreenPlan" program. Through VNH's manager engagement program the Company actively promoted Traphaco's sustainability strategy as well as the selection of independent board members. Traphaco was officially listed on the Ho Chi Minh Stock Exchange in 2008 and recognized as the No. 1 Pharmaceutical brand in Vietnam in 2009. VNH invested in Traphaco in 2007. Since then, Traphaco has increased revenue from USD 33 million in 2007 to USD 82 million in 2017 and its net profit was multiplied by 6.3x in the period 2007-2017. VNH disposed of a 10.4% stake in Traphaco generating an internal rate of return (IRR) of 32.7% over the 10 year holding period with total proceeds of USD 28.5 million accruing to the fund.

Other companies in the portfolio are showing similar performance: Phu Nhuan Jewelry (PNJ), a jewelry producer and retailer, Thien Long Group (TLG), a manufacturer of pens and stationary, have generated an IRR in excess of 35% over their respectively nine and five year holding period. More recent investments, in particular among those effected during 2017 as part of the in-depth rebalancing of the VNH portfolio, also show promising developments. The performance of banks, in particular those oriented towards consumer finance such as VPB and HDB, investment brokers such as VCI, real estate developers such as KDH, have contributed to the positive results under the volatile market conditions observed during the first two months of 2018. We are confident that this will continue.
In this perspective, we present our views on the Vietnamese economy, the markets and our investment strategy for the years to come.

Investment Manager's Report
Continued

2. The Vietnamese Economy – as anticipated for the period 2018-2020

The current auspicious macro indicators of the Vietnamese economy compare favorably with previous growth periods, characterized by robust foreign inflows, low interest rates, a stable VND, strong consumer demand growth, and an ongoing improvement in productivity. We expect 2018 GDP growth to be maintained in the 6.5-7% range, repeating last year's significant growth differential with Vietnam's regional peers.

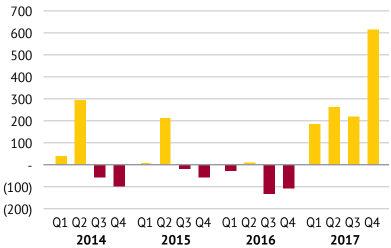
Private investment will likely maintain the strong momentum recorded in 2017, thanks to improved global demand and stable VND interest rates. Foreign direct investment (FDI) in Vietnam should continue to show an encouraging growth, following 2017's 44.2% increase in registrations and approvals to USD 29.7bn. Furthermore, the proportion of locally-made components used by exporting firms has been on the rise and this trend is expected to continue in the years to come.

Earnings prospects of Vietnamese companies remain strong: the VNAS companies EPS growth for 2018 is estimated at around 17.9%; by comparison, we estimate the EPS growth of the VNH Portfolio to be 26% in that period, of which TLG: 16%, PNJ: 19%, VPB: 22%, VCI: 36%, HDB: 60%.

State owned enterprises (SOEs) saw their numbers decrease from around 1'500 in 2010 to 583 in 2016. This number will further diminish during the period under review, with a remaining total of only 100-120 targeted for privatization by 2020. Moreover, the aggregate size of companies offered for privatization is expected to be far more significant. Thus, the proceeds from SOE IPOs and divestments during 2018-2020 are estimated to reach USD 26.3bn, or 2.75 times higher than the USD 9.5bn proceeds collected during 2011-2017.

Foreign portfolio investors will welcome the number of large and profitable SOEs due to be offered to the public through the wave of IPOs starting in 2018. This should add momentum to the trend observed in 2017, itself a strong contrast to previous years.

Net Foreign Indirect Investment - Equities (USDm)



Source: Bloomberg

To the extent that foreign investors are expected to be eager participants in this privatization wave, the resulting capital inflow might have an inflationary effect on the economy, as observed during the 2005-2007 period, when the SBV failed to sterilize fund inflows. We believe however that the SBV will adopt a prudent approach in handling these new capital resources and has a better chance of avoiding the formation of monetary bubbles than last time round.

Interest rates in Vietnam will likely stay broadly low, even if global interest rate pressures see them rise a bit. Credit growth should remain strong but not wildly so (in the high teens) with retail lending share continuing to increase. Retail Vietnam, including mortgages, is still underbanked and the credit growth upcycle is thus in a relatively early stage.

Banking sector health is likely to progress further in the period 2018-20, due to (i) the first stages of implementation of Basel II capital requirements (10 commercial banks in 2018, 12-15 banks in 2019-20); (ii) increase of Vietnam Asset Management Company (VAMC, the state-directed bad loan vehicle) capital allowing further decrease as well as resolution of banking system non-performing loans (NPLs) towards a target of below 3% (we note, however, that the IMF estimated NPLs, including bad debt sold to the VAMC and restructured debt at 8.4% of the banks' assets at the end of 2016); and (iii) the impact of recent regulations (Resolution 42) encouraging the banks to sell bad debt and revision of the Banking Law introducing the so-called "special control regime" for the restructuring of weak banks.

Free Trade Agreements (FTAs) finalized in 2017 with the EU and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) likely to be signed and ratified in 2018-19 should have a positive impact on the Vietnamese economy. The progress in economic reforms required by most of these FTAs should in turn allow the rating agencies to upgrade

Investment Manager's Report
Continued

Vietnam progressively, with investment grade reachable by 2020.

Tourism has emerged as an important growth factor, next to Vietnam's buoyant manufacturing sector. During 2017, international tourist arrivals to Vietnam grew by 29.1% YoY, recording 13 million arrivals. We consider Vietnamese tourism prospects in the next 2-3 years to be very favorable, due to the increased spending power for leisure of the burgeoning middle class in Vietnam, the recent implementation of simplified visa procedures or visa exemptions for tourists from the UK, France, Spain, Germany and Italy, and increasing tourism interest from nearby countries such as China, South Korea and Japan.

3. Expected Impact on the Vietnamese Stock Markets

Number of new stocks listed following SOE equitization: We estimate that 15 new stocks with market cap higher than USD 1bn will be added to the market in 2018. In addition, we estimate that 7 SOEs with market cap between USD 1bn and USD 500m will be offered on the market. Finally, further divestment by the State of already listed companies should provide attractive additional investment opportunities.

More opportunities from the private sector: The continuous growth of the private sector of the economy should result in a number of attractive IPOs of fast growing companies seeking to become leaders in their field. Furthermore, as companies gradually raise or remove their foreign ownership limits, attractive investment opportunities will appear.

Increased capital available for investment: Trading volumes on the Vietnamese equity market remains driven by domestic retail investors. But foreigners – now owning about 20% of the market – are strongly increasing in number. The favorable economic conditions should translate into increased investing power of the Vietnamese middle class and the stock market should remain a preferred investment target for them, together with real estate. Foreign investor interest meanwhile should continue to rise as Vietnam moves closer to MSCI Emerging Market Index inclusion. This should allow the markets to absorb the new investments offered as mentioned earlier.

Market pricing significantly higher: The VNAS price/earnings ratio has risen from 13.4x to 16.8x in 2017, but in the context of high-teens market EPS growth for both 2017 and 2018, this looks justified. For the three years 2018, 2019 and 2020, periods of "correction" are inevitable. However, the fundamental trend should remain positive, in light of all the positive factors affecting the market.

4. Our Investment Strategy for 2018-2020

The spectacular increase of Vietnamese stock market capitalization over a short period, due to new listings and higher valuations, has led to structural changes in our investment universe. This has necessitated rapid adjustment on the part of all Vietnam investment managers, including VNHAM. To enable quicker but no less rigorous decision making, we have reduced the size of our investment committee and made it firmly centered in Ho Chi Minh City. We have redoubled our commitment to a long-term, value investing approach that places strict environmental, social and governance criteria at the heart of our process. Our relatively compact fund size and our multi-year investment horizon mean that stocks outside the leading 30 names are our natural sweet spot and VNHAM will continue to identify opportunities in the mid-cap spectrum. Nevertheless, we are determined to be pragmatic with new offerings; sometimes these are "priced to perform" – i.e. offer value - in the short term, and we may well be subscribers in such cases. We will remain wary of leading stocks that are egregiously priced, which are going up simply because investor demand exceeds stock supply.

All this can be achieved only thanks to the commitment and market expertise of our investment and research team in Vietnam. Their teamwork approach, hard work and discipline, but also enthusiasm in their work and creativity has been and will remain essential to our success.

Jean-Christophe Ganz, Chairman
VietNam Holding Asset Management Limited

Vu Quang Thinh, Director and CEO
VietNam Holding Asset Management Limited
6 March 2018

Statement of Financial Position

as at 31 December 2017

	Note	Unaudited As at 31.12.17 USD	Unaudited As at 31.12.16 USD	Audited As at 30.06.16 USD
Assets				
Cash and cash equivalents		9,221,501	4,425,655	10,323,903
Investments in securities at fair value	3	206,356,030	141,953,427	208,273,147
Accrued dividends and interest		421,424	192,038	155,582
Receivables on sale of investments		4,691,787	136,899	-
Other receivables		11,961	2,168	13,318
Prepaid Expenses		7,500	7,500	-
Total assets		**220,710,203**	**146,717,687**	**218,765,950**
Equity				
Share capital	5	134,480,812	105,678,685	141,822,097
Retained earnings		85,092,936	40,218,332	68,713,405
Total equity, representing net assets attributable to shareholders		**219,573,748**	**145,897,017**	**210,535,502**
Liabilities				
Payables on purchase of investments		200,831	618,957	4,981,932
Other payables		136	130	139
Accrued expenses		926,469	60,294	3,248,377
Payables on Redemption		9,019	141,289	-
Total liabilities		1,136,455	820,670	8,230,448
Total equity and liabilities		**220,710,203**	**146,717,687**	**218,765,950**

The financial statements on pages 13 to 16 were approved by the Board of Directors on 6 March 2018 and were signed on its behalf by

Sean Hurst
Chairman of the Board of Directors

Philip Scales
Chairman of the Audit Committee

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

Statement of Comprehensive Income

for the six-month period from 1 July 2017 to 31 December 2017

	Note	Unaudited 01.07.17–31.12.17 USD	Unaudited 01.07.16–31.12.16 USD	Audited 01.07.16–30.06.17 USD
Interest income		3,815	53,474	90,314
Dividend income from equity securities at fair value through profit or loss		2,090,635	2,542,511	4,561,766
Net gain from equity securities at fair value through profit or loss	7	16,995,701	(1,538,747)	30,275,746
Net foreign exchange loss		(18,249)	(64,394)	(119,173)
Net investment income		**19,071,902**	**992,844**	**34,808,653**
Investment management fees	8	1,801,184	1,449,026	2,880,552
Incentive fees	8	-	-	3,132,919
Advisory fees		49,000	54,000	107,815
Administrative and accounting fees	10	67,198	52,271	111,404
Custodian fees	9	104,206	80,812	172,607
Directors' fees and expenses	8	313,754	175,000	349,872
Brokerage fees		78,141	35,000	58,455
Audit fees		20,000	20,000	41,904
Publicity and investor relations fees		108,500	108,500	154,520
Insurance costs		7,500	7,500	15,000
Administrative expenses		45,388	93,324	224,164
Risk management expenses		75,000	75,000	216,062
Technical assistance fee		22,500	22,500	28,395
Total operating expenses		**2,692,371**	**2,172,933**	**7,493,669**
Change in net assets attributable to shareholders		**16,379,531**	**(1,180,089)**	**27,314,984**

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

Statement of Changes in Equity

for the six-month period from 1 July 2017 to 31 December 2017

	Share capital USD	Reserve for own shares USD	Retained earnings USD	Total USD
Balance at 1 July 2016	125,521,247	(20,043,799)	41,398,421	146,875,869
Total comprehensive income for the period				
Change in net assets attributable to shareholders	-	-	(1,180,089)	(1,180,089)
Total comprehensive income	**-**	**-**	**(1,180,089)**	**(1,180,089)**
Contributions and distributions				
Issuance of ordinary shares	2,490,579	-	-	2,490,579
Repurchase of own shares (note 5)	-	(2,289,342)	-	(2,289,342)
Total contributions and distributions	**2,490,579**	**(2,289,342)**	**-**	**201,237**
Balance at 31 December 2016	**128,011,826**	**(22,333,141)**	**40,218,332**	**145,897,017**
Balance at 1 July 2017	166,551,875	(24,729,778)	68,713,405	210,535,502
Total comprehensive income for the period				
Change in net assets attributable to shareholders	-	-	16,379,531	16,379,531
Total comprehensive income	**166,551,875**	**(24,729,778)**	**85,092,936**	**226,915,033**
Contributions and distributions				
Issuance of ordinary shares	208,861	-	-	208,861
Repurchase of own shares (note 5)	-	(7,434,452)	-	(7,434,452)
Warrants issuance cost	(115,694)	-	-	(115,694)
Total contributions and distributions	**93,167**	**(7,434,452)**	**-**	**(7,341,285)**
Balance at 31 December 2017	**166,645,042**	**(32,164,230)**	**85,092,936**	**219,573,748**

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

Statement of Cash Flows

for the six-month period from 1 July 2017 to 31 December 2017

	Note	Unaudited 01.07.17– 31.12.17 USD	Unaudited 01.07.16– 31.12.16 USD	Audited 01.07.16– 30.06.17 USD
Cash flows from operating activities				
Change in net assets attributable to shareholders		16,379,531	(1,180,089)	27,314,984
Adjustments to reconcile change in net assets attributable to shareholders to net cash from operating activities:				
Interest income		(3,815)	(53,474)	(90,314)
Dividend income		(2,090,635)	(2,542,511)	(4,561,766)
Net gain from equity securities at fair value through profit or loss		(16,995,701)	1,538,747	(30,275,746)
Purchase of investments		(67,960,279)	(29,689,775)	(87,232,623)
Proceeds from sale of investments		78,673,563	29,082,706	56,483,302
Net foreign exchange loss		18,249	64,394	119,173
(Decrease) in receivables on sale of investments		(1,290,647)	2,911,511	3,055,910
Decrease in accrued expenses		(3,157,354)	(2,033,723)	26,546
Decrease in other payables		9,016	141,282	2
Dividends received		1,824,793	3,205,169	5,238,629
Interest received		14,967	53,769	101,846
Increase in amount due to Fund Manager		1,044,307	-	-
Net cash from operating activities		**6,465,995**	**1,498,006**	**(29,820,057)**
Cash flows from financing activities				
Issuance of ordinary shares*		-	-	39,667,862
Repurchase of own shares	5	(7,434,452)	(2,289,342)	(4,685,979)
Warrants issuance cost		(115,694)	-	-
Net cash used in financing activities		**(7,550,146)**	**(2,289,342)**	**34,981,883**
Net decrease in cash and cash equivalents		**(1,084,151)**	**(791,336)**	**5,161,826**
Cash and cash equivalents at beginning of the period		10,323,903	5,281,215	5,281,215
Effect of exchange rate fluctuations on cash held		(18,251)	(64,224)	(119,138)
Cash and cash equivalents at end of the year		**9,221,501**	**4,425,655**	**10,323,903**

Significant non-cash transaction:
* On 25 September 2017, 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 2017, it had agreed that 88,899 ordinary shares of USD 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 20 September 2017.

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

Notes to the Financial Statements

for the six-month period from 1 July 2017 to 31 December 2017

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 held on 23 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 c/o CO Services Cayman Limited, Willow House, Cricket Square PO Box 10008 Georgetown, Grand Cayman KY1-1001, Cayman Islands

Notes to the Financial Statements

for the six-month period from 1 July 2017 to 31 December 2017

2 PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

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

(b) Basis of preparation

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

The Company's shares were issued in USD and the listings of the shares on the AIM market of the London Stock Exchange are in USD. The performance of the Company is measured and reported to the investors in USD, although the primary activity of the Company is to invest in the Vietnamese market. The Board considers the USD as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in USD, which is the Company's functional currency.

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

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

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

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

(c) Foreign currency translation

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

(d) Financial instruments

(i) Classification

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

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

Cash and cash equivalents are measured at amortised cost.

Notes to the Financial Statements

for the six-month period from 1 July 2017 to 31 December 2017

2 PRINCIPAL ACCOUNTING POLICIES (continued)

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

(ii) Recognition

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

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

(iii) Derecognition

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

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

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

(iv) Measurement

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

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

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

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

As at 31 December 2017, 0.00% (2016: 2.04%) of the valuations of the net assets of the Company were based on quotes obtained from brokers.

As at 31 December 2017, 0.00% (2016: 1.27%) of the valuations of the net assets of the Company were based on valuation techniques.

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

(v) Gains and losses on subsequent measurement
Gains and losses arising from a change in the fair value of financial instruments are recognised in the statement of comprehensive income.

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

Notes to the Financial Statements

for the six-month period from 1 July 2017 to 31 December 2017

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.

(e) Offsetting

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

(f) Amounts due to/from brokers

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

(g) Share capital

Ordinary shares

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

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

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. In accordance with the detailed terms of the Resolution 6 approved by the shareholders at the Annual General Meeting of 21 September 2017, repurchased shares are cancelled immediately.

(h) Tax

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

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

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

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

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

Notes to the Financial Statements

for the six-month period from 1 July 2017 to 31 December 2017

2 PRINCIPAL ACCOUNTING POLICIES (continued)

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% (2016: 0.1%) on the sales proceeds of the onshore sale of equity investments.

(i) Interest income and expense

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

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

(j) Dividend income

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

(k) Fee and commission expense

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

3 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

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

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

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

Market risk

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

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

Notes to the Financial Statements

for the six-month period from 1 July 2017 to 31 December 2017

3 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

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

	Unaudited as at 31.12.17		Unaudited as at 31.12.16		Audited as at 30.06.17	
	Fair value in USD	% of net assets	Fair value in USD	% of net assets	Fair value in USD	% of net assets
Investments in listed securities	206,356,030	93.98	137,248,541	94.07	203,229,914	96.53
Investments in unlisted securities	-	-	2,898,423	1.99	3,864,056	1.84
Investments in convertible bond	-	-	1,806,463	1.24	1,179,177	0.56
	206,356,030	**93.98**	**141,953,427**	**97.30**	**208,273,147**	**98.93**

At 31 December 2017, a 5% reduction in the market value of the portfolio would have led to a reduction in NAV and profit or loss of USD 10,317,802 (2016: USD 7,097,671). A 5% increase in market value would have led to an equal and opposite effect on NAV and profit or loss.

Currency risk

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

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

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

As at 31 December 2017, the Company had the following foreign currency exposures:

	Unaudited as at 31.12.2017 USD	Fair value Unaudited as at 31.12.2016 USD	Audited as at 30.06.2017 USD
Vietnamese Dong	218,081,338	142,945,952	208,636,021
Pound Sterling	7,521	692	727
Swiss Franc	(19)	(18)	(19)
Euro	26,468	2,198	2,353
	218,115,308	**142,948,824**	**208,639,082**

At 31 December 2017, a 5% reduction in the value of the Vietnamese Dong, Pound Sterling, Swiss Franc, Euro versus the US Dollar would have led to a reduction in NAV and profit or loss of USD 10,905,765 (2016: USD 7,147,441). 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.

Credit risk

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

At 31 December 2017, the following financial assets were exposed to credit risk (including settlement risk): cash and cash equivalents, accrued dividend, receivable from sale of investments and other receivables. The total amount of financial assets exposed to credit risk amounted to USD 10,927,428 (2016: USD 4,756,760).

Notes to the Financial Statements

for the six-month period from 1 July 2017 to 31 December 2017

3 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

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

Liquidity risk

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

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

4 OPERATING SEGMENTS

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

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

All of the Company's investments in securities at fair value are in Vietnam as at 31 December 2017 and 2016. All of the Company's investment income can be attributed to Vietnam for the years ended 30 June 2017 and 2016.

5 SHARE CAPITAL

Ordinary shares of USD 1.00 each

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

On 6 June 2006, the Board resolved that 56,250,000 ordinary shares would be allotted at a placing price of USD 2.00 per ordinary share. 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, 2014, 2015.2016 and 2017.

	31.12.17 No. of shares	31.12.16 No. of shares	30.06. 17 No. of shares
Total shares issued and fully paid (after repurchases and cancellations) at beginning of the period	82,729,439	65,342,620	65,342,620
Shares issued upon exercise of warrants during the period	-	564,471	19,941,819
Shares cancellation	(12,368,014)	(1,411,674)	(2,555,000)
	70,361,425	64,495,417	82,729,439
Repurchased and reserved for own shares			
At beginning of the period	(9,427,772)	(10,487,673)	(10,487,673)
During the period	(3,029,141)	(1,004,954)	(2,126,783)
Shares reissued to ordinary shares	88,899	631,684	631,684
Shares cancellation	12,368,014	1,411,674	2,555,000
	-	(9,449,269)	(9,427,772)
Total outstanding ordinary shares with voting rights	**70,361,425**	**55,046,148**	**73,301,667**

As a result, as at 31 December 2017 the Company has 70,361,425 (2016: 55,046,148) ordinary shares with voting rights in issue (excluding the reserve for own shares), and Nil (2016: 10,296,472) are held as reserve for own shares.

Notes to the Financial Statements

for the six-month period from 1 July 2017 to 31 December 2017

5 SHARE CAPITAL (continued)

The Company does not have any externally imposed capital requirements.

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

Warrants

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

6 NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

Total equity of USD 219,573,748 (2016: USD 145,897,017) 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 (2016: none).

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

	31.12.17 USD	31.12.16 USD	30.06.17 USD
Net gain from equity securities at fair value through profit or loss:			
Realised gain	28,397,453	8,975,855	14,944,033
Adjustment to fair value of equity securities at fair value through profit or loss	(11,401,752)	(10,514,602)	15,331,713
	16,995,701	**(1,538,747)**	**30,275,746**

8 RELATED PARTY TRANSACTIONS

Investment management fees

The Company's Shareholders approved an amendment to the Investment Manager Agreement as detailed in the Company's circular dated 16 August 2013. Pursuant to the amended agreement the Investment Manager is entitled to receive a monthly management fee, paid in the manner set out as below:

- On the amount of the Net Asset Value of the Company up to and including USD 100 million, one-twelfth of two per cent.;
- On the amount of the Net Asset Value of the Company above USD 100 million up to and including USD 150 million, one-twelfth of 1.75 per cent.; and
- On the amount of the Net Asset Value of the Company that exceeds USD 150 million, one-twelfth of 1.50 per cent.

The management fee accruing to the Investment Manager for the six month period to 31 December 2017 was USD 1,801,184 (2016: USD 1,449,026).

Incentive fees

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

Excess Performance amount = (A - B) x C

Where:

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

B is equal to the higher of:

(i) the Initial High Water Mark (i.e. 30 September 2013 NAV per share increased by 8%) increased by five per cent per annum on a compound basis; and

(ii) the highest previous value for A in respect of a reporting period in which an incentive fee was paid, increased by five per cent per annum on an compound basis.

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

Notes to the Financial Statements

for the six-month period from 1 July 2017 to 31 December 2017

8 RELATED PARTY TRANSACTIONS (continued)

	Six-month period ended 31.12.17 USD	Six-month period ended 31.12.16 USD	Year ended 30.06.17 USD
Performance fee	-	-	3,132,919

Directors' fees and expenses

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

The charges for the six month period for the Directors fees were USD 251,007 (2016: USD 115,000) and expenses were USD 62,747 (2016: USD 60,000). During this period the Company also paid a bonus to the former Chairperson of USD 100,000 which is included in the Directors fees for the period.

Directors' ownership of shares and warrants

As at 31 December 2017, none of the Directors held ordinary shares of the Company (2016: 101,586 shares, those share belongs to the old board members).

9 CUSTODIAN FEES

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

The charges for the six month period for the Custodian fees were USD 104,206 (2016: USD 80,812).

10 ADMINISTRATIVE AND ACCOUNTING FEES

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

The charges for the six month period for the Administration and Accounting fees were USD 67,198 (2016: USD 52,271).

11 CONTROLLING PARTY

The Directors are not aware of any ultimate controlling party as at 31 December 2017 or 31 December 2016.

12 FAIR VALUE INFORMATION

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

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

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

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments. This level includes listed equity securities on exchanges (for example, Ho Chi Minh Stock Exchange).

Notes to the Financial Statements

for the six-month period from 1 July 2017 to 31 December 2017

12 FAIR VALUE INFORMATION (continued)

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

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

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
As at 31.12.17				
Financial assets classified at fair value upon initial recognition				
Investments in securities	206,356,030	-	-	206,356,030
As at 31.12.16				
Financial assets classified at fair value upon initial recognition				
Investments in securities	137,248,541	2,898,423	1,806,463	141,953,427

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

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

Investment type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Convertible bond	• Discounted cash flows (in valuing the straight bond); and • Black-Scholes model (in valuing the conversion feature)	• Risk-adjusted discount rate (2017: N/A; 2016: 9.9%) • Dividend yield (2017: N/A; 2016: 6.28%)	The estimated fair value will increase (decrease) if: • The risk-adjusted discount rate was lower (higher); • The dividend yield was lower (higher)

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

Level 3 reconciliation

Financial assets designated at fair value through profit or loss	01.07.17 - 31.12.17 USD	01.07.16 - 31.12.16 USD
Balance at 1 July	**1,179,177**	**1,911,733**
Sales	-	-
Purchases	-	2,956,592
Transfers to level 1	(1,067,851)	-
Total gains and losses recognised in profit or loss *	(111,326)	(163,439)
Balance at 31 December	**-**	**4,704,886**

* 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

for the six-month period from 1 July 2017 to 31 December 2017

13 CLASSFICATIONS AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

	Note	Fair value through profit or loss USD	Loans and receivables USD	Other liabilities USD	Total carrying amount USD
2017					
Cash and cash equivalents		-	9,221,501	-	9,221,501
Investments in securities at fair value	3	206,356,030	-	-	206,356,030
Accrued dividends and interest		-	421,424	-	421,424
Receivables from sale of investments		-	4,691,787	-	4,691,787
Other receivables		-	19,461	-	19,461
		206,356,030	14,354,173	-	220,710,203
Payables on purchase of investments		-	-	200,831	200,831
Other payables		-	-	9,155	9,155
Accrued expenses		-	-	926,469	926,469
		-	**-**	**1,136,455**	**1,136,455**
2016					
Cash and cash equivalents		-	4,425,655	-	4,425,655
Investments in securities at fair value	3	141,953,427	-	-	141,953,427
Accrued dividends and interest		-	169,787	-	169,787
Receivables from sale of investments		-	136,899	-	136,899
Other receivables		-	31,919	-	31,919
		141,953,427	4,764,260	-	146,717,687
Payables on purchase of investments		-	-	618,957	618,957
Other payables		-	-	141,419	60,294
Accrued expenses		-	-	60,294	141,419
		-	**-**	**820,670**	**820,670**

14 EARNINGS PER SHARE

The calculation of earnings per share at 31 December 2017 was based on the change in net assets attributable to ordinary shareholders of USD 16,379,531 (2016: USD -1,180,089) and the weighted average number of shares outstanding of 72,054,946 (2016: 54,873,582).

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 2016, and have not been applied in preparing these financial statements. Those that may be relevant to the Company are set out below. The Company is currently assessing the potential impact of adopting these new standards and interpretations on the financial statements of the Company. The Company does not plan to adopt these standards early.

- IFRS 9 replaces most of the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. IFRS 9 is mandatory for adoption by the Company on 1 January 2018.

Director Profiles

Sean Hurst, Chairman
Was co-founder, director and Chief Investment Officer of French regulated asset management Fund, Albion Asset Management, from 2005-2009 and is currently Chairman of JPEL Private Equity Limited and a non-executive director of Charity & Investment Merger Arbitrage Fund. Mr. Hurst is an experienced multi-jurisdictional director with significant experience in offshore and UCITS hedge funds and in advising companies on launching both offshore and onshore investment funds. Mr. Hurst was formerly a non-executive director of AIM quoted ARC Capital Holdings Limited. Mr. Hurst holds an MBA in Finance from Cass Business School in London and is a resident of France.

Philip Scales, Chairman of Audit Committee
Has over 38 years' experience working in offshore corporate, trust, and third party administration. For 18 years, he was Managing Director of Barings Isle of Man (subsequently to become Northern Trust) where he specialised in establishing offshore fund structures, latterly in the closed-ended arena (both listed and unlisted entities). Mr. Scales subsequently co-founded IOMA Fund and Investment Management Limited (now named FIM Capital Limited) where he is a Deputy Chairman. He is a Fellow of the Institute of Chartered Secretaries and Administrators and holds a number of directorships of listed companies and collective investment schemes. He is an Isle of Man resident.

Hiroshi Funaki
Worked at Edmond de Rothschild Securities from 2000 to 2015 where he led the Investment Companies team, focusing on Emerging Markets and Alternative Assets. Prior to that he was Head of Research at Robert Fleming Securities, also specialising in closed-end funds. He currently acts as a consultant to a number of emerging market investors. He has a BA in Mathematics and Philosophy from Oxford University and is a UK resident.

Milton Lawson

Was resident in Vietnam from 1993 to 2017 and was one of the longest serving foreign lawyers in Vietnam prior to his retirement from his position as Managing Lawyer of Freshfields Bruckhaus Deringer LLP's Ho Chi Minh City office in June 2017. Mr. Lawson joined Freshfields Bruckhaus Deringer LLP in 1997, having previously headed Sinclair Roche and Temperley's Vietnam practice since 1993. During Mr. Lawson's full-time practice in Vietnam for the last 20 years, he has worked on many of the leading transactions involving investment in Vietnam and has advised on the structuring and implementation of various infrastructure projects as well as inward investment and all aspects of corporate issues. Mr. Lawson holds both Bachelor of Arts and Master's degrees in Philosophy from the University of Lancaster and is a UK resident.

Damien Pierron

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

Key Parties

Directors
Mr. Hiroshi Funaki
Mr. Sean Hurst
Mr. Milton Lawson
Mr. Damien Pierron
Mr. Philip Scales

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Signatory of:

PRI Principles for Responsible Investment

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

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