



VIETNAM
HOLDING

Interim Report | 2019



VIETNAM HOLDING

VietNam Holding Limited (VNH) invests in high-growth companies in Vietnam, focusing on domestic consumption, industrialisation and urbanisation. Launched in 2006, VNH is a closed-end fund listed on the London Stock Exchange.

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Financial Highlights

- Net Asset Value (NAV) increased during the period by \$2,577,815 to \$141,073,517
- NAV per share increased by 2%
- Net Investment Income of \$4,427,337 versus a loss in the corresponding 2018 period of \$19,703,247
- Total Operating Expenses reduced by 23% to \$1,849,462 from \$2,407,710 in the corresponding 2018 period

Operational Highlights

- Fund is invested in 23 portfolio companies
- Top-ten positions account for 68% of the NAV
- 47% of the portfolio in small-mid cap stocks
- 10th year as a signatory to the United Nations Principles on Responsible Investing

Chairman's Statement



Hiroshi Funaki
Chairman

“Vietnam’s ‘middle income’ population is projected to expand at 18% per annum, adding a further 35 million middle-income consumers by 2030.”

Dear Shareholder

I am delighted to present my inaugural Interim Report, for the six-month period ending 31 December 2019, having assumed the role as Chairman of the Board of Directors following the AGM in November 2019. I would like to thank my predecessor Sean Hurst for his leadership during his term as Chairman and his continued support as Senior Independent Director on the Board since.

Discount

The discount between the share price and the Net Asset Value (NAV) per share at the end of the six months was 15.8%. The average level of the discount was 17.8%, having fluctuated between 14.0% and 22.3% over the period.

In the half year to 31 December 2019, VietNam Holding Limited (the Company) bought back 404,201 shares at a weighted average discount of 17.8%. This represented a 0.31p accretion to NAV per share. Since the current board was appointed in September/October 2017, through until the 31 December 2019, the Company bought back 11.7m shares at a weighted average discount of 15.4%. This represented a 6.63p accretion to NAV per share, equivalent to 2.9% of the weighted average NAV per share for the period. Meanwhile, the annual 14.99% share buyback authority was renewed by the Board at the AGM on 8 November 2019.

The Board continues to monitor the discount closely and has intensified marketing activity over the period and beyond as part of our aim to widen the shareholder base. We intend to accelerate this effort in coming months and years.

Performance

The NAV per share increased by 2.0% to USD 2.773 during the period, in line with return of 2.0% in the Vietnam All Share Total Return Index in USD terms. Over the ten-year period ending 31 December 2019 the NAV increased by 6.7% per annum, compared to a 2.8% per annum increase in the Vietnam All Share Index in USD terms.

Driven by Foreign Direct Investment and a burgeoning middle-class of consumers, Vietnam remains one of the world’s fastest growing economies. Despite the slowing global economy, the World Bank projects real GDP growth in Vietnam to remain robust at around 6.5% in 2020 and 2021. In order to benefit from this growth, Dynam Capital, Ltd, our Investment Manager, has constructed a concentrated portfolio of companies focused on three core themes: industrialisation, urbanisation and domestic consumption.

Long-term performance has always been a key focus of the Board and we engage closely with our Investment Manager in this respect through monthly conference calls, quarterly presentations and an extensive annual onsite visit. In December, the Board spent two days with their local management team in Ho Chi Minh City, and took the opportunity to meet with several investee companies. A more detailed account of the Company’s annual performance is provided in the Investment Manager’s Report on pages 2 to 3.

Finally, we go to press in the midst of the Coronavirus pandemic, and Dynam Capital discuss its impact on Vietnam in their report below. Dynam Capital and our other key service providers have robust Business Continuity Plans in place.

On behalf of the Board, I would like to extend a further thanks to you the Shareholders for your ongoing support.

Hiroshi Funaki
Chairman
VietNam Holding Limited
17 March 2020

Investment Manager's Report



Vu Quang Thinh
Chief Investment Officer
Managing Director



Craig Martin
Chairman and
Managing Director

In the period from 1 July 2019 until 31 Dec 2019 the Fund's NAV per share increased by 2.0% in line with the return increase of 2.0% in the Vietnam All Share Total Return Index, in USD terms.

The Fund has a high-conviction portfolio concentrated around 23 positions, with the top-ten positions making up 68% of the portfolio. The Fund's top holdings performed well in the second half of 2019. FPT (13.2% NAV) gained 31.3%, Phu Nhuan Jewelry (11.2% NAV) gained 19.7%, Mobile World (8.1% NAV) gained 23.6%, and MB Bank (6.5% NAV) gained 8.1%. Two of our top ten positions fared poorly due mainly to low liquidity: Thien Long Group (3.7% NAV) declined by 14.5% and Saigon Cargo Services (5.7% NAV) declined by 23.6%. Overall, the small-cap and mid-cap stocks, accounting for about 47% of the portfolio underperformed the broader market.

Vietnam's Economy

Vietnam's macro position became the envy of much of Asia during 2019. Vietnam was seen as a winner in the trade war between the US and China, with an increase in the market share of exports to the US pushing the trade surplus to a record level of USD 10 billion, and the country attracted record levels of Foreign Direct Investment (FDI). The FDI, trade surplus and the strong levels of inward remittances from the overseas Vietnamese diaspora, led to a surge in the foreign reserves which ended the year at around USD 80 billion.

Underlying GDP grew by approximately 7% for the full year, one of the highest growth levels in Asia. Much of the growth is from expansion in the manufacturing sector. At the end of the year an adjustment was made in the calculation of the GDP, effectively lifting the absolute level of GDP by around 25%, and taking the per capita GDP to USD 2,800 per capita, which is close to the level at which consumerism accelerated in other Asian markets. The Vietnamese Dong has been relatively stable against the US Dollar in the period under review. Headline inflation has risen slightly, partly due to an increase in pork prices as a result of African Swine Fever, but core inflation remains low and under control. The State Bank of Vietnam has kept credit growth under strict control at around 14%, in line with its targets.

Outlook

Vietnam is expected to see more attention from foreign funds in 2020 due to the overweight position in the MSCI Frontier Market index that will arise when Kuwait is upgraded to Emerging Market status in May 2020. Vietnam's inclusion in the MSCI Emerging Market index is still probably a couple of years away. In the meantime, a New Securities Law, expected to be effective from January 2021, provides some measures to address the constraints of Foreign Ownership Limits. Market innovations on the horizon include new ETFs, which may be introduced soon based on the three new indices introduced by the Ho Chi Minh City Stock Exchange, and in the longer term potentially the introduction of Non-voting Depository Receipts (NVDRs), which are under consideration as a means to address access to stocks that are already at the Foreign Ownership Limits.

Geo-Political risks and the trade tussle between China and the US overshadowed the equity markets in 2019, despite the benefits that accrued to Vietnam in terms of FDI and trade gains. 2020 has started under the shadow of the Coronavirus COVID-19 outbreak (see below). Our investment themes: the domestic consumer, industrialisation and urbanisation remain intact. Our aim is to position the portfolio across these areas within a three-to-five year investment horizon. This means looking through the short-term noises and volatility and seeking to build longer-term value from the robust compounding growth derived from well-managed companies.

Responsible Investing

The Company has been firmly committed to applying sound sustainability criteria at the heart of its investment approach for ten years now, having become a signatory to the United Nations Principles on Responsible Investing back in 2009. At Dynam Capital we integrate environmental, social and governance (ESG) standards into our investment process and seek to influence greater corporate governance and best practices at investee companies, including encouraging companies to improve their investor relations and information reporting transparency. We recognise that ESG is a 'journey' for many companies in Vietnam, with some at more advanced stages than others. We are patient investors, and have seen some positive developments in our portfolio companies on several ESG dimensions. We were encouraged to see the release in August 2019 of the first edition of the Vietnam Corporate Governance Code of Best Practices for public companies in

Investment Managers' Report (continued)

Vietnam, launched by the State Securities Commission of Vietnam, with contributions from other parties, including the Vietnam Institute of Directors, which our CEO Vu Quang Think co-founded and is a member of the Board. During the period we have also been encouraged to see more executives and Board members of listed and unlisted companies undertake formal Director training at the Vietnam Institute of Directors, where Think is a visiting lecturer. Over time we expect this to lead to a wider pool of talented local independent non-executive directors, to enhance the corporate governance of portfolio companies further.

COVID-19

Since mid-January 2020 when an outbreak of novel Coronavirus, now classified as COVID-19, first appeared in the city of Wuhan, in central China's Hubei province, the number of reported COVID-19 cases has risen to an estimated 120,000 globally, with more than 4,300 deaths. The number of infections in China appears to have moderated, and 61,000 people have recovered from the virus. In late February, however, the number of new cases outside China had risen significantly and quickly, particularly in South Korea, Iran, Italy and Japan. In total 120 countries and territories are currently affected and on 12 March 2020 the World Health Organisation declared COVID-19 to be a global pandemic. In Vietnam the initial cases were reported in late January, shortly after the outbreak in China, and a few weeks after all 16 people initially reported as having contracted the virus recovered, several new cases emerged as a result of people entering the country with the infection.

Vietnam has taken swift preventative steps to limit the spread of the virus, curtailing transport with those countries affected, putting people in quarantine and extending the school holidays. The authorities have also been active in informing the public on a daily basis about the virus, through social media and traditional media, and raising awareness of practical steps its citizens can take: such as washing hands and wearing masks.

Vietnam is an increasingly open economy and is a key part of Asia's manufacturing supply chain. Manufacturing accounts for about 16% of total GDP, and any disruption to the flow of intermediate and finished goods between Vietnam and China, Korea and Japan, representing 56% of the total imports of Vietnam, and 31% of its total exports, will impact GDP growth. That said, given Vietnam's manufacturing capability, relatively low labour cost, and transport connections, some companies are already looking at expanding their operations in Vietnam, as part of a "China-plus-one" strategy. The other sectors most likely to be hit the hardest include tourism and aviation. In recent years Vietnam has emerged as a favourite destination for tourists, particularly from China and South Korea. In 2019 Vietnam received 18 million international arrivals, and in the first month of 2020 it welcomed 1.9 million, including 644,000 from China, 468,000 from Korea, and 79,000 from Japan. For as long as travel restrictions are in place, tourist arrivals will be severely impacted. As a result, the Ministry of Planning and Investment has forecast Vietnam's GDP growth to fall to a seven-year low of approximately 6% in 2020.



Domestic equity investors have naturally reacted with fear to the uncertainties caused by COVID-19 and the indices and the portfolio valuations have been hit hard as a result in February and the first few weeks of March. As a global pandemic, COVID-19 poses a wide-range of risks to the global economy. Although it is not clear how widespread the direct impact of COVID-19 will be for Vietnam, or how long disruptions will persist, when normality eventually returns, there is likely to be a rebound in domestic confidence, which would likely be reflected favourably in the domestic equity markets. Patience is required in these difficult market conditions.

On a practical point, Dynam Capital and its wholly owned Vietnam Subsidiary have robust Business Continuity Plans (BCP) in place, including segregating teams and using remote working infrastructure when and if necessary. We have also verified that all the key service providers have appropriate BCPs in place.

Dynam Capital, Ltd

17 March 2020

Interim Report of the Directors

The Board of Directors (the Directors) submits its report together with the Condensed Interim Unaudited Financial Statements of VietNam Holding Limited (the Company) for the six-month period from 1 July 2019 to 31 December 2019 (the six-month period).

The Company is registered in Guernsey as a non-cellular company with limited liability. Up to 6 October 2019, the registered office of the Company was Elizabeth House Les Ruettes Brayes, St. Peter Port, Guernsey, GY1 1EW. Effective 7 October 2019, the registered office of the Company has been De Catapan House, The Grange, St Peter Port, Guernsey, GY1 2QG.

Investing Policy Investment Objective

The Company's investment objective is to achieve long-term capital appreciation by investing in a diversified portfolio of companies that have high growth potential at an attractive valuation.

Investment Policy

The Company attempts to achieve its investment objective by investing in the securities of publicly traded companies in Vietnam and in the securities of foreign companies if a majority of their assets and/or operations are based in Vietnam. The Company may invest in equity securities or securities that have equity features, such as bonds that are convertible to equity.

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

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

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

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

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

The Company may invest:

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

Borrowing Policy

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

Investment Restrictions and Diversification

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

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

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

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

Interim Report of the Directors (continued)

Principal Risks

Market Risk

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

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

Investor Sentiment

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

Investment Performance

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

Fair Valuation

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

Investment Management Agreement

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

Operational

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

Legal and Regulatory

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

Life of the Company

The Company does not have a fixed life but the Directors consider it desirable that shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, the Directors intend that every fifth year a special resolution will be proposed that the Company shall continue in existence. If the resolution is not passed the Directors will be required to formulate proposals to be put to shareholders to either wind up the Company or implement a reconstruction, amalgamation or other material alteration to the Company or its activities. The Directors last tabled such a resolution at the Extraordinary General Meeting of the Company on 31 October 2018 and it was passed, allowing the Company to continue as currently constituted.

Results

The results of the Company for the six-month period and the state of its financial affairs as at the reporting date are set out in the Condensed Interim Unaudited Financial Statements on pages 9 to 16.

Performance

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

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

Related Parties

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

Share Repurchase Programme

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

Board of Directors

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

Name	Position
Mr. Hiroshi Funaki	Chairman
Mr. Sean Hurst	Senior Independent Director and Chairman of the Management and Engagement Committee
Mr. Damien Pierron	Chairman of the Remuneration and Nomination Committee
Mr. Philip Scales	Chairman of the Audit and Risk Committee
Ms. Saiko Tajima	Director

Interim Report of the Directors (continued)

Directors' Interest in the Company

As at 31 December 2019 and 30 June 2019, the interests of the Directors in shares of the Company were as follows:

	Shares held as at 31 December 2019	Shares held as at 30 June 2019
Mr. Hiroshi Funaki	25,000	15,000
Mr. Sean Hurst	5,500	5,500
Mr. Philip Scales	10,000	10,000
Ms. Saiko Tajima	5,000	5,000

In addition, Craig Martin, Chairman of Dynam Capital, Ltd, held 90,000 shares at 31 December 2019 (30 June 2019: nil).

There have been no changes to any of the Directors holdings between 31 December 2019 and the date of this report. On 4 February 2020, Craig Martin bought an additional 10,000 shares taking his holding to 100,000 shares in the Company.

Going Concern

The Directors considered it appropriate to prepare the Condensed Interim Unaudited Financial Statements on the going concern basis, as explained in the basis of preparation paragraph in note 2 to the Condensed Interim Unaudited Financial Statements. In making the statement, the Directors have considered the levels of working capital available to the Company, the closed-ended nature of the Company and the liquidity of the investment portfolio. There were no identified material uncertainties to the Company's ability to continue.

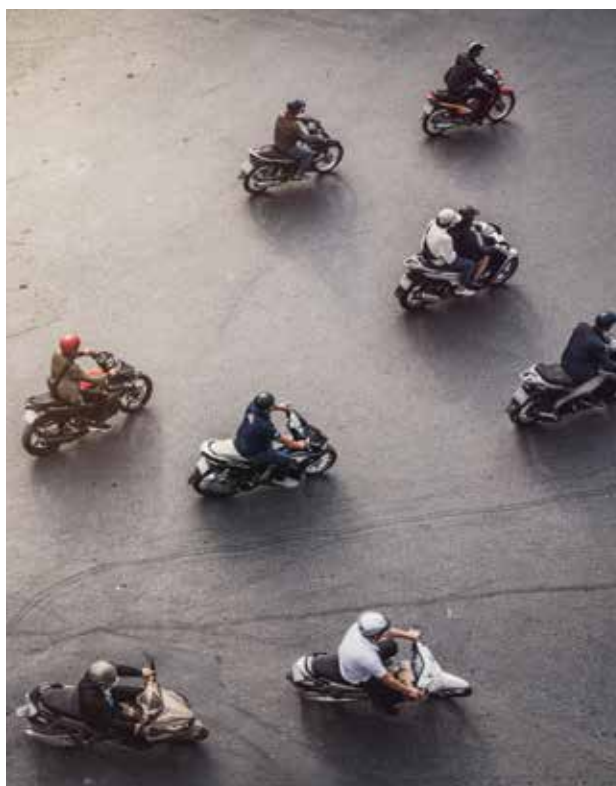
On behalf of the Board



Hiroshi Funaki
Chairman
VietNam Holding Limited
17 March 2020



Philip Scales
Director
VietNam Holding Limited
17 March 2020



Statement of Directors' Responsibilities

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

- the Condensed Interim Unaudited Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting; and
- the Chairman's Statement, the Investment Manager's Report and the Interim Report of the Directors include a fair review of information required by:
 - (i) DTR 4.2.7R of the UK Disclosure and Transparency Rules, being an indication of important events which have occurred during the first six months and their impact on the Condensed Interim Unaudited Financial Statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - (ii) DTR 4.2.8R of the UK Disclosure and Transparency Rules, being related party transactions which have taken place in the first six months and which have materially affected the financial position or performance of the Company during that period, and any material changes in the related party transactions disclosed in the last Annual Report.

On behalf of the Board



Hiroshi Funaki
Chairman
VietNam Holding Limited
17 March 2020



Philip Scales
Director
VietNam Holding Limited
17 March 2020

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, and for the preparation and dissemination of financial statements. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Condensed Interim Unaudited Statement of Financial Position

	Note	Unaudited as at 31.12.19 USD	Audited as at 30.06.19 USD
Assets			
Cash and cash equivalents		4,373,231	9,467,257
Investments at fair value through profit and loss	7	136,086,105	130,636,802
Accrued dividends and interest		377,195	178,750
Trade and other receivables		618,523	–
Total assets		141,455,054	140,282,809
Equity			
Share capital	4	81,951,210	82,884,733
Retained earnings		59,122,307	56,544,432
Total equity, representing net assets attributable to shareholders		141,073,517	139,429,165
Liabilities			
Payables on purchase of investments		–	291,233
Accrued expenses		381,537	403,772
Repurchase of shares payable		–	158,639
Total liabilities		381,537	853,644
Total equity and liabilities		141,455,054	140,282,809

The Condensed Interim Unaudited Financial Statements on pages 9 to 16 were approved by the Board of Directors on 17 March 2020 and were signed on its behalf by



Hiroshi Funaki
Chairman
VietNam Holding Limited
17 March 2020



Philip Scales
Director
VietNam Holding Limited
17 March 2020

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

Condensed Interim Unaudited Statement of Comprehensive Income

	Note	Unaudited 01.07.19 – 31.12.19 USD	Unaudited 01.07.18 – 31.12.18 USD
Dividend income from investments at fair value through profit or loss		2,206,754	2,661,425
Net gain/(loss) from investments at fair value through profit or loss	5	1,957,770	(22,298,427)
Net foreign exchange gain/(loss)		32,401	(66,246)
Interest income		230,412	1
Net investment income/(loss)		4,427,337	(19,703,247)
Investment management fees	6	1,092,954	1,376,766
Directors' fees and expenses	6	201,093	195,910
Administrative and accounting fees		151,262	88,104
Custodian fees		94,513	77,810
Audit fees		59,912	21,651
Other expenses		249,728	642,469
Total operating expenses		1,849,462	2,402,710
Change in net assets attributable to shareholders		2,577,875	(22,105,957)
Basic and diluted earnings per share		0.05	(0.36)

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

Condensed Interim Unaudited Statement of Changes in Equity

	Share capital USD	Reserve for own shares USD	Retained earnings USD	Total USD
Balance at 1 July 2018	166,645,041	(44,624,777)	79,964,849	201,985,113
Total comprehensive income for the period				
Change in net assets attributable to shareholders	–	–	(22,105,957)	(22,105,957)
	166,645,041	(44,624,777)	57,858,892	179,879,156
<i>Contributions and distributions</i>				
Repurchase of own shares (note 4)	–	(33,865,688)	–	(33,865,688)
	–	(33,865,688)	–	(33,865,688)
Balance at 31 December 2018	166,645,041	(78,490,465)	57,858,892	146,013,468
Balance at 1 July 2019	166,645,041	(83,760,308)	56,544,432	139,429,165
Total comprehensive income for the period				
Change in net assets attributable to shareholders	–	–	2,577,875	2,577,875
	166,645,041	(83,760,308)	59,122,307	142,007,040
<i>Contributions and distributions</i>				
Repurchase of own shares (note 4)	–	(933,523)	–	(933,523)
	–	(933,523)	–	(933,523)
Balance at 31 December 2019	166,645,041	(84,693,831)	59,122,307	141,073,517

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

Condensed Interim Unaudited Statement of Cash Flows

	Unaudited 01.07.19 – 31.12.19 USD	Unaudited 01.07.18 – 31.12.18 USD
Cash flows (used in)/from operating activities		
Change in net assets attributable to shareholders	2,577,875	(22,105,957)
Adjustments to reconcile change in net assets attributable to shareholders to net cash from operating activities:		
Interest income	(230,412)	(1)
Dividend income	(2,206,754)	(2,661,425)
Net (gain)/loss from investments at fair value through profit or loss	(1,957,770)	22,298,427
Purchase of investments	(22,034,239)	(17,553,568)
Proceeds from sale of investments	18,251,472	51,925,641
Net foreign exchange (gain)/loss	(32,401)	66,246
(Increase) in receivables on sale of investments	(508,044)	(243,141)
(Increase) in other receivables	(110,494)	(164,164)
(Decrease) in accrued expenses	(22,235)	(846,664)
(Decrease) in repurchases of shares payable	(158,639)	(67,398)
Dividends received	2,100,556	3,001,063
Interest received	138,181	1
Net cash (used in)/from operating activities	(4,192,904)	33,649,060
Cash flows used in financing activities		
Repurchase of own shares	(933,523)	(33,865,688)
Net cash used in financing activities	(933,523)	(33,865,688)
Net decrease in cash and cash equivalents	(5,126,427)	(216,628)
Cash and cash equivalents at beginning of the period	9,467,257	3,122,618
Effect of exchange rate fluctuations on cash held	32,401	(66,246)
Cash and cash equivalents at end of the period	4,373,231	2,839,744

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

Notes to the Condensed Interim Unaudited Financial Statements

For the six-month period from 1 July 2019 to 31 December 2019

1. The Company

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

On 8 March 2019 the Company's Ordinary Shares were cancelled from trading on AIM and admitted to the Premium segment of the official list of the UK Listing Authority (Official List) and trading on the main market of the London Stock Exchange (Main Market). On the same date the Company's shares were admitted to listing and trading on the Official List of The International Stock Exchange (TISE).

The investment objective of the Company is to achieve long-term capital appreciation by investing in a diversified portfolio of companies that have high growth potential at an attractive valuation.

During the Extraordinary General Meeting held on 31 October 2018 the Shareholders voted in favour of the continuance resolution, authorising the Company to operate in its current form through to the 2023 Annual General Meeting when a similar resolution will be put forward for Shareholders' approval.

Dynam Capital, Ltd (Dynam) 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.

Carey Commercial Limited was the Company's administrator until 6 October 2019. Effective 7 October 2019, the Company's administrator is Sanne Group (Guernsey) Limited.

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 sub-administrator.

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

2. Principal Accounting Policies

(a) Statement of compliance

The Condensed Interim Unaudited Financial Statements (the financial statements) have been prepared in accordance with IAS 34 Interim Financial Reporting, the Disclosure Guidance Transparency Rules of the UK's Financial Conduct Authority and the Listing Rules.

The financial statements do not include all of the information required for full financial statements and should be read in conjunction with the Company's audited financial statements for the year ended 30 June 2019, which were prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS). The accounting policies used by the Company are the same as those applied by the Company in its annual financial statements as at and for the year ended 30 June 2019.

The Directors have assessed the impact, or potential impact, of all New Accounting Requirements. In the opinion of the Directors, there are no mandatory New Accounting Requirements applicable in the current period that had any material effect on the reported performance, financial position, or disclosures of the Company. Consequently, no mandatory New Accounting Requirements are listed. The Company has not early adopted any New Accounting Requirements that are not mandatory.

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

(b) Basis of preparation

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

Going concern

The Directors have reasonable expectations and are satisfied that the Company has adequate resources to continue its operations and meet its commitments for the foreseeable future and they continue to adopt the going concern basis for the preparation of the financial statements. In making this statement, the Directors have considered the levels of working capital available to the Company, the close-ended nature of the Company and the liquidity of the investment portfolio for a period of no less than 12 months from the date of the financial statements. There were no identified material uncertainties to the Company's ability to continue.

Notes to the Condensed Interim Unaudited Financial Statements (continued)

For the six-month period from 1 July 2019 to 31 December 2019

2. Principal Accounting Policies (continued)**Critical accounting estimates and judgements**

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and 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 estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Functional currency

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

Fair value of financial instruments

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

3. Operating Segments

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

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

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

All of the Company's investments in securities at fair value are in Vietnam as at 31 December 2019 and 30 June 2019. All of the Company's investment income can be attributed to Vietnam for the periods ended 31 December 2019 and 31 December 2018.

4. Share Capital**Ordinary shares of USD 1.00 each**

Pursuant to its redomiciliation to Guernsey, the Company re-registered with an authorised share capital of USD 200,000,000 divided into 200,000,000 shares of a nominal or par value of USD 1.00 each. In line with the Company's new Articles of Incorporation, the Company may from time to time redeem all or any portion of the shares held by the Shareholders upon giving notice of not less than 30 calendar days.

On 8 March 2019 the Company's Ordinary Shares were cancelled from trading on AIM and admitted to the Premium segment of the Official List and trading on the Main Market. On the same date the Company's shares were admitted to listing and trading on the TISE.

	31.12.19 No. of shares	30.06.19 No. of shares
Total shares issued and fully paid (after repurchases and cancellations) at beginning of the period	51,283,448	65,988,673
Shares cancellation	(404,201)	(14,705,225)
	50,879,247	51,283,448
Repurchased and reserved for own shares		
At beginning of the period	-	-
During the period	(404,201)	(14,705,225)
Shares cancellation	404,201	14,705,225
	-	-
Total outstanding ordinary shares with voting rights	50,879,247	51,283,448

Notes to the Condensed Interim Unaudited Financial Statements (continued)

For the six-month period from 1 July 2019 to 31 December 2019

4. Share Capital (continued)

As a result, as at 31 December 2019 the Company has 50,879,247 (30 June 2019: 51,283,448) ordinary shares with voting rights in issue (excluding the reserve for own shares), and nil (30 June 2019: nil) are held as reserve for own shares.

The Company does not have any externally imposed capital requirements.

The Company's general intention is to reinvest the capital received on the sale of investments. However, the Directors may from time to time and at their discretion, either use the proceeds of sales of investments to meet the Company's expenses or distribute them to shareholders. Alternatively, the Company may repurchase its own ordinary shares with such proceeds 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.

5. Net Gain/ (Loss) from Investments at Fair Value through Profit or Loss

	6 months to 31.12.19 USD	6 months to 31.12.18 USD
Realised (loss)/gain	(2,743,309)	601,036
Movement in fair value of investments at fair value through profit or loss	4,701,079	(22,899,463)
	1,957,770	(22,298,427)

6. Related Party Transactions**Investment management fees**

The Company entered into a new investment management agreement with Dynam Capital, Ltd on 26 June 2018. The agreement was amended and restated on 8 October 2018. The agreement is subject to 6 months notice such notice not to expire before 16 July 2020. Pursuant to the agreement the Investment Manager is entitled to receive a monthly management fee, paid in the manner set out as below:

- On the amount of the Net Asset Value of the Company up to and including USD 300 million, one-twelfth of 1.5 per cent.;
- On the amount of the Net Asset Value of the Company above USD 300 million up to and including USD 600 million, one-twelfth of 1.25 per cent.; and
- On the amount of the Net Asset Value of the Company that exceeds USD 600 million, one-twelfth of 1 per cent.

The management fee accruing to the Investment Manager for six month period to 31 December 2019 was USD 1,092,954 (period ended 31 December 2018: USD 1,376,766). An amount of USD 177,545 (30 June 2019: USD 173,129) was outstanding as at 31 December 2019.

Incentive fees

Under the Investment Management agreement dated 26 June 2018, the Company shall pay an incentive fee of 12% of the excess performance based on the adjusted net asset value per share in each financial year of the Company over an 8% compound hurdle, starting with the high water mark as of 30 June 2018 (or, if higher, the high water mark under the Company's previous Investment Management agreement with VietNam Holding Asset Management Ltd), capped at 3% of NAV in any financial year. The incentive fee is payable 50% in cash and 50% in shares issued at the higher of NAV or closing mid-market price at the financial year end. Half of those shares will be locked up for 12 months, and the remainder will be locked up for 24 months.

There are no incentive fees accruing to the Investment Manager for the six month period to 31 December 2019 (period ended 31 December 2018: USD nil).

Directors' fees and expenses

The Board of Directors determines the fees payable to each Director, subject to a maximum aggregate amount of USD 350,000 (2018: USD 350,000) per annum being paid to the Board of Directors as a whole. The Company also pays reasonable expenses incurred by the Directors in the conduct of the Company's business including travel and other expenses. The Company pays for directors and officers liability insurance coverage. The charges for the six month period to 31 December 2019 for the Directors fees were USD 201,093 (period ended 31 December 2018: USD 195,910) and prepaid expenses were USD 47,682 (period ended 31 December 2018: USD 92,782).

As at 31 December 2019, USD nil (30 June 2019: USD 13,479) of directors' fees were outstanding.

Directors' ownership of shares

As at 31 December 2019, Directors held 45,500 ordinary shares in the Company (30 June 2019: 35,500) as listed below.

Hiroshi Funaki	25,000 Shares
Sean Hurst	5,500 Shares
Philip Scales	10,000 Shares
Saiko Tajima	5,000 Shares

Mr. Funaki is also a Director of Discover Investment Company which holds 2,730,133 ordinary shares in VNH representing 5.4% of the issued share capital.

Notes to the Condensed Interim Unaudited Financial Statements (continued)

For the six-month period from 1 July 2019 to 31 December 2019

7. Fair Value Information

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

Other financial instruments are measured at fair value through profit or loss.

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

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

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

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
As at 31.12.19				
Financial assets classified at fair value upon initial recognition				
Investments in securities	114,906,994	15,099,543	6,079,568	136,086,105
As at 30.06.19				
Financial assets classified at fair value upon initial recognition				
Investments in securities	122,462,234	8,174,568	-	130,636,802

During the period, several listed securities with fair value amounting to USD 9,884,826 which were previously classified as Level 1 investments were transferred to Level 2 due to the illiquid nature of the positions.

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 input & fair value
Convertible bond	<ul style="list-style-type: none"> • Discounted cash flows (in valuing the straight bond); and • Black-Scholes model (in valuing the conversion feature) 	<ul style="list-style-type: none"> • Risk-adjusted discount rate (2019: 7.83%; 2018: n/a) • Dividend yield (2019: none; 2018: n/a) 	<p>The estimated fair value will increase (decrease) if:</p> <ul style="list-style-type: none"> • the risk-adjusted discount rate was lower (higher); • the dividend yield was lower (higher)

8. Basic and Diluted Earnings per Share

The calculation of basic and diluted earnings per share at 31 December 2019 was based on the change in net assets attributable to ordinary shareholders of USD 2,577,875 (period ended 31 December 2018: USD (22,105,957)) and the weighted average number of shares outstanding of 51,051,639 (period ended 31 December 2018: 61,518,414).

9. Subsequent Events

From 1 January 2020 to the date of signing these financial statements, there were no material events that require disclosure and/or adjustments in these financial statements.

Directors' Profiles

Hiroshi Funaki

Chairman

Mr Funaki has been actively involved in raising, researching and trading Vietnam funds for 23 years. He worked at Edmond de Rothschild Securities from 2000 to 2015 where he led the Investment Companies team, focusing on Emerging Markets and Alternative Assets. Prior to that he was Head of Research at Robert Fleming Securities, also specialising in closed-end funds. He currently acts as a consultant to a number of emerging market investors. He has a BA in Mathematics and Philosophy from Oxford University and is a UK resident.

Sean Hurst

Senior Independent Director and Chairman of the Management Engagement Committee

Mr Hurst was co-founder, director and chief investment officer of Albion Asset Management, a French regulated asset management company, from 2005-2009. He is an experienced multi-jurisdictional director including roles at Main Market and AIM traded funds and numerous offshore and UCITS funds. In addition to advising companies on launching both offshore and onshore investment funds he is currently non-executive chairman of JPEL Private Equity Ltd and non-executive director at CIAM Opportunities Fund and Satellite Event Driven UCITS Fund. Mr Hurst was formerly a non-executive director of AIM listed ARC Capital Holdings Ltd. He holds an MBA in Finance from CASS Business School in London and is a resident of France.

Damien Pierron

Chairman of the Remuneration and Nomination Committee

Mr Pierron is currently managing director at Société Generale in Dubai, where he is heading the coverage for Family Offices and Wealthy Families in Middle East and Russia. He has 15 years' experience in M&A, private equity, equity derivatives, wealth management and investment banking gained at, among others, Lafarge Holcim, OC&C Strategy Consultants and Natixis. Mr Pierron is a CFA charterholder and holds a Degree in Mathematics, Physics and Economy from Ecole Polytechnique in Paris and a Masters Degree in Quantitative Innovation from Ecole Nationale Supérieure des Mines de Paris. He is a Dubai resident.

Philip Scales

Chairman of the Audit and Risk Committee

Mr Scales has over 40 years' experience working in offshore corporate, trust, and third-party administration. For 18 years, he was managing director of Barings Isle of Man (subsequently to become Northern Trust) where he specialised in establishing offshore fund structures, latterly in the closed-ended arena (both listed and unlisted entities). Mr Scales subsequently co-founded IOMA Fund and Investment Management Limited (now named FIM Capital Limited) where he is Deputy Chairman. He is a Fellow of the Institute of Chartered Secretaries and Administrators and holds a number of directorships of listed companies and collective investment schemes. He is an Isle of Man resident.

Saiko Tajima

Director

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

Key Parties

Directors

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

Investment Manager

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Registered Office, Company Secretary and Administrator

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