If you are in any doubt as to the contents of this document, you are recommended to seek your own financial advice from an independent financial adviser who specialises in advising on shares or other securities and who is authorised under the Financial Services and Markets Act 2000 ("FSMA") or, if you are in a country outside the United Kingdom, another appropriately authorised independent financial adviser, accountant, legal or professional adviser.

This document comprises a prospectus (the "**Prospectus**") relating to Vietnam Holding Limited (the "**Company**"). This Prospectus has been prepared by the Company pursuant to Rule 1.2.3(8) of the Prospectus Rules of the Financial Conduct Authority (the "**FCA**") in connection with the application for admission of all of the issued ordinary shares of US$1.00 each in the Company (the "**Shares**"), currently admitted to AIM, to the premium segment of the Official List of the UK Listing Authority (the "**Official List**") and to trading on the London Stock Exchange plc's main market (the "**Main Market**") (together, "**Admission**"). This document also constitutes a listing document for the purposes of seeking admission of the Shares to the Official List of The International Stock Exchange ("**TISE**").

Application will be made to the UK Listing Authority, the London Stock Exchange and TISE for all of the Ordinary Shares to be admitted (i) to the premium segment of the Official List and to trading on the Main Market, and (ii) to listing and trading on the Official List of TISE. It is expected that Admission will become effective and that dealings for normal settlement in the Shares will commence at 8.00 a.m. on 8 March 2019 under the ticker "VNH". Upon Admission, the admission of the Shares to trading on AIM will be cancelled.

The Company and each of the Directors, whose names appear on page 35 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Company is not offering any new Shares nor any other securities in connection with Admission. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to subscribe for or to buy, any Shares or any other securities of the Company in any jurisdiction. The Shares will not be generally made available or marketed to the public in the United Kingdom or in any other jurisdiction in connection with Admission.

VIETNAM HOLDING LIMITED

(a company registered in Guernsey under The Companies (Guernsey) Law, 2008 (as amended) with registered number 66090)

ADMISSION TO THE OFFICIAL LIST AND TO TRADING ON THE MAIN MARKET OF THE LONDON STOCK EXCHANGE AND TO LISTING AND TRADING ON THE OFFICIAL LIST OF THE INTERNATIONAL STOCK EXCHANGE

Investment Manager

Dynam Capital, Ltd.

Sponsor and Financial Adviser

finnCap Ltd.

The Company is a registered closed-ended collective investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended (the "**POI Law**") and the Registered Collective Investment Scheme Rules 2018 (the "**RCIS Rules**") issued by the GFSC. The GFSC, in granting registration, has not reviewed this Prospectus but has relied upon specific declarations provided by Carey Commercial Limited, the Company's designated administrator in Guernsey. The GFSC takes no responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it.

finnCap Ltd. ("**finnCap**") is authorised and regulated in the United Kingdom by the FCA and is acting exclusively as sponsor and financial adviser for the Company and for no other person in connection with Admission and will not be responsible to or regards any other person (whether or not a recipient of this Prospectus) as its client in relation to Admission and will not be responsible to anyone other than the Company for providing the protections afforded to its clients, or for affording advice in relation to Admission, the contents of this Prospectus or any matters referred to herein. finnCap is not responsible for the contents of this Prospectus. This does not exclude or limit any responsibilities which finnCap may have under FSMA or the regulatory regime established thereunder.

Neither the admission of the Shares to the Official List of TISE nor the approval of this Prospectus pursuant to the listing rules of TISE shall constitute a warranty or representation by TISE as to the competence of the service providers to or any other party connected with the Company, the adequacy and accuracy of the information contained in this Prospectus or the suitability of the Company for investment or for any other purpose.

The distribution of this Prospectus may be restricted by law. No action has been or will be taken by the Company to permit the possession or distribution of this Prospectus in any jurisdiction where action for that purpose may be required. Accordingly, neither this Prospectus nor any advertisement or any other material relating to it may be distributed or published in any jurisdiction except in circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdictions. No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Directors or any other person. Any delivery of this Prospectus shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since, or that the information contained herein is correct at any time subsequent to, the date of this Prospectus.

The Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and may not, subject to certain exemptions, be offered or sold within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S under the Securities Act ("**Regulation S**")). In addition, the Company has not been and will not be registered under the US Investment Company Act of 1940, as amended (the "**US Investment Company Act**"), and the recipient of this Prospectus will not be entitled to the benefits of that act. This Prospectus should not be distributed into the United States or to US Persons.

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, Shares in any jurisdiction. The offer and sale of Shares has not been and will not be registered under the applicable securities laws of Australia, Canada, Japan or the Republic of South Africa. Subject to certain exemptions, the Shares may not be offered to or sold within Australia, Canada or Japan or to any national, resident or citizen of Australia, Canada, Japan or the Republic of South Africa.

The contents of this Prospectus are not to be construed as legal, financial, business or tax advice. Each prospective investor should consult his, her or its own legal adviser, financial adviser or tax adviser for legal, financial, business or tax advice.

It should be remembered that the price of securities and the income from them can go down as well as up.

The directors of the Company have taken all reasonable care to ensure that the facts stated in this Prospectus are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in the Prospectus, whether of facts or of opinion. All the directors accept responsibility accordingly.

Capitalised terms have the meanings ascribed to them in the definitions set out at the end of this Prospectus.

Dated: 1 March 2019

CONTENTS

SUMMARY

Prospectus summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Sections A-E (A.1-E.7). This Prospectus contains all the Elements required to be included in a prospectus summary for this type of securities and issuer. Some Elements are not required to be addressed which means there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted into the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

Section A – Introduction and warnings

Element	Disclosure Requirement	Disclosure
A.1.	Warning	This summary should be read as an introduction to this Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2.	Subsequent resale of securities or final placement of securities through financial intermediaries	Not applicable. The Company has not given consent to the use of this Prospectus for subsequent resale or final placement of the Shares by financial intermediaries.

Section B – Issuer

<table>
<tr><th>Element</th><th>Disclosure Requirement</th><th>Disclosure</th></tr>
<tr><td>B.1.</td><td>Legal and commercial name</td><td>Vietnam Holding Limited</td></tr>
<tr><td>B.2.</td><td>Domicile and legal form</td><td>The Company is a non-cellular company limited by shares registered in Guernsey under the Companies Law on 25 February 2019 with registered number 66090. The principal legislation under which the Company operates is the Companies Law.</td></tr>
<tr><td>B.5.</td><td>Group description</td><td>The Company is a closed-ended investment company and does not have any subsidiaries.</td></tr>
<tr><td>B.6.</td><td>Major shareholders</td><td>As at the Latest Practicable Date, the Company is aware of the following Shareholders who were at such time interested, directly or indirectly, in 5 per cent. or more of the Company's issued Share capital:
<table>
<tr><th>Shareholder</th><th>Number of Shares</th><th>% of total Shares in issue</th></tr>
<tr><td>Clearstream Banking</td><td>16,221,186</td><td>30.42</td></tr>
<tr><td>City of London Investment Mgt Co</td><td>7,679,299</td><td>14.40</td></tr>
<tr><td>Bank Julius Baer</td><td>5,788,594</td><td>10.85</td></tr>
<tr><td>de Pury Pictet Turrettini & Co</td><td>3,356,224</td><td>6.29</td></tr>
<tr><td>UBS</td><td>2,925,122</td><td>5.48</td></tr>
<tr><td>Discover Investment Company</td><td>2,730,133</td><td>5.12</td></tr>
</table></td></tr>
</table>

		All Shareholders have the same voting rights in respect of the Share capital of the Company. As at the date of this Prospectus, the Company is not aware of any person or persons who, directly or indirectly, jointly or severally, exercises control of the Company, nor is it aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.
B.7.	Key financial information	The key figures that summarise the Company's financial condition in respect of the three financial years ended 30 June 2016, 2017 and 2018 (all audited), which have been extracted without material adjustment from the historical financial information reproduced in the Appendix to this Prospectus, are set out in the following table:

Net assets

	As at or for the year ended 30 June (audited) (US$'000)		
	2016	**2017**	**2018**
Assets			
Cash and cash equivalents	5,281	10,324	3,123
Investments in securities at fair value	143,391	208,273	200,017
Accrued dividends	832	156	469
Receivables on sale of investments	3,056	—	102
Other receivables	25	13	—
Total assets	152,586	218,766	203,711
Equity			
Share capital	105,477	141,822	122,020
Retained earnings	41,398	68,713	79,965
Total equity, representing net assets attributable to shareholders	146,876	210,536	201,985
Liabilities			
Payables on purchase of investments	1,125	4,982	403
Other payables	—	—	—
Accrued expenses	4,585	3,248	1,130
Payables on redemption	—	—	193
Total liabilities	5,710	8,230	1,726
Total equity and liabilities	152,586	218,766	203,711

Profit and loss

	As at or for the year ended 30 June (audited) (US$'000)		
	2016	**2017**	**2018**
Dividend income from equity securities	4,248	4,562	3,716
Net gain/(loss) from equity securities	35,428	30,276	13,420
Net foreign exchange gain/(loss)	(44)	(119)	(105)
Interest income from investments in securities	77	90	4
Net investment income	39,708	34,809	17,035
Investment management fees	2,460	2,881	3,846
Incentive fees	4,543	3,133	—
Advisory fees	143	108	60
Administrative and accounting fees	95	111	140
Custodian fees	122	173	195
Directors fees and expenses	376	350	636
Brokerage fees	68	59	166
Audit fees	41	42	48
Publicity and investor relations fees	104	154	133
Insurance costs	16	15	15
Administrative expenses	207	224	102
Risk management expenses	46	216	429
Technical assistance for investee companies	74	28	14
Total operating expenses	8,294	7,494	5,783
Change in net assets attributable to shareholders	31,414	27,315	11,251
Basic and diluted earnings per share (US$)	0.55/0.53	0.49	0.16

Since 30 June 2018, the Company has repurchased for cancellation an aggregate of 12,657,803 Shares, reducing Net Assets by approximately US$33.7 million. In addition, during this period the Net Assets of the Company have reduced by approximately US$19.2 million due to movements in the market value of the Company's investments.

Other than as disclosed above, there has been no significant change in the financial condition or operating results of the Group during or subsequent to the period covered by the historical key financial information.

B.8.	Key pro forma financial information	Not applicable. No pro forma financial information is included in this Prospectus.
B.9.	Profit forecast	Not applicable. No profit forecast or estimate made.
B.10.	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable.

<table>
<tr><td>B.11.</td><td>Insufficiency of working capital</td><td>Not applicable. The Company is of the opinion that the working capital available to it is sufficient for its present requirements, that is for at least 12 months from the date of this Prospectus.</td></tr>
<tr><td>B.34.</td><td>Investment objective and policy</td><td>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 into 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 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 VNH Board.

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

The Company may invest:
• up to 25 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 Net Asset Value of the Company at the time of the borrowing, unless the Shareholders in general meeting otherwise determine by ordinary resolution.</td></tr>
</table>

		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 business; • 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. Any material change to the investment policy will only be made with the approval of Shareholders by ordinary resolution.
B.35.	Borrowing limits	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 Net Asset Value of the Company at the time of the borrowing, unless the Shareholders in general meeting otherwise determine by ordinary resolution.
B.36.	Regulatory status	The Company is registered in Guernsey as a registered closed-ended collective investment scheme pursuant to the POI Law and the RCIS Rules issued by the GFSC. The Company is not regulated in the UK as a collective investment scheme by the FCA. However, it is subject to the Prospectus Rules, the Listing Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation and the Takeover Code.
B.37.	Typical investor	An investment in the Shares is suitable for institutional investors and professionally-advised or financially sophisticated non-advised private investors including retail investors seeking exposure to predominantly listed investments, who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss

		which may result from such an investment (which may equal the whole amount invested). Furthermore, an investment in the Shares should constitute part of a diversified investment portfolio. Investors may wish to consult an independent financial adviser who specialises in advising on the Shares and other securities.
B.38.	Investment in excess of 20 per cent. of the Company's gross assets in single underlying asset or investment company	Not applicable.
B.39.	Investment of 40 per cent. or more of gross assets in another collective investment undertaking	Not applicable.
B.40.	Applicant's service providers	***Investment Manager*** The Company's investment manager is Dynam Capital, a non-cellular company limited by shares registered in Guernsey. The Investment Manager was incorporated in the Cayman Islands on 22 May 2018 and migrated to Guernsey on 13 November 2018. The Investment Manager is a recently established firm managed by Vu Quang Thinh and Craig Martin. The management team are incentivised by an equity holding in the Investment Manager. Vu Quang Thinh has been the lead portfolio manager of the Company since July 2011. The Investment Manager is regulated by the GFSC. The Investment Manager provides investment management and advisory services to the Company in accordance with the terms of the Investment Management Agreement. Under the Investment Management Agreement, the Investment Manager is entitled to receive a monthly management fee for its services which accrues daily based on the prevailing Net Asset Value at the following rates: (a) on the amount of the Net Asset Value of the Company up to and including US$300 million, one-twelfth of 1.5 per cent.; (b) on the amount of the Net Asset Value of the Company above US$300 million up to and including US$600 million, one-twelfth of 1.25 per cent.; and (c) on the amount of the Net Asset Value of the Company that exceeds US$600 million, one-twelfth of 1 per cent. The Investment Manager may also be entitled to an incentive fee (the "**Incentive Fee**"), calculated on the following basis. For the purposes of the Incentive Fee calculation: • "**Adjusted NAV per Share**" means the Net Asset Value per Share on the last Valuation Day in each Performance Period, adjusted by adding back (i) any accrual for unpaid Incentive Fee in respect of such Performance Period and (ii) the value of all dividends or other

		distributions made in respect of a Share since the end of the Performance Period in respect of which an Incentive Fee was last paid (excluding for these purposes the Initial Performance Period); • "**Initial High Water Mark**" means the higher of (i) the Net Asset Value per Share on 30 June 2018 and (ii) the high water mark applicable to the investment management agreement between the Company and VNHAM dated 6 June 2006, as amended from time to time, immediately prior to 26 June 2018, in each case increased by eight per cent. per annum. on a compound basis to the end of the Initial Performance Period; • "**Initial Performance Period**" means the period beginning on 1 July 2018 and ending on 30 June 2019; • "**NAV per Share**" means the Net Asset Value of the Company divided by the number of Shares in issue at the relevant time, excluding for this purpose any Shares held in treasury; and • "**Performance Period**" means (i) the Initial Performance Period, and (ii) each subsequent period corresponding to each accounting period of the Company. The Administrator shall calculate the amount of A in the following equation in respect of each Performance Period, as soon as possible following the finalisation of the audited accounts in respect of the relevant accounting period: A = (B – C) x D Where: (A) is the relevant amount against which the Incentive Fee will be calculated (the "**Excess Performance Amount**"); (B) is the Adjusted NAV per Share; (C) is equal to the higher of: (i) the Initial High Water Mark, increased by eight per cent. per annum. on a compound basis for all Performance Periods after the Initial Performance Period; and (ii) the highest previous value for B in respect of a Performance Period in respect of which any Incentive Fee was paid, increased by eight per cent. per annum on a compound basis; and (D) is equal to the time weighted average number of Shares in issue (excluding any shares held in treasury) during the relevant Performance Period. If, on any calculation date contemplated above, the Excess Performance Amount is a positive number then the Company shall pay to the Investment Manager an Incentive Fee of an amount equal to twelve per cent. of the Excess Performance Amount. The maximum Incentive Fee that can be earned by and paid to the Investment Manager in respect of any accounting period shall be equal to three per cent., of the Net Asset Value of the Company at the end of the relevant accounting period. Any Incentive Fee earned by the Investment Manager shall be paid by the Company to the Investment Manager in accordance with the following schedule:

		• 50 per cent. of the relevant Incentive Fee shall be paid in US dollars in cash, by transfer to the Investment Manager's account from time to time notified to the Company by the Investment Manager for receipt of its fees, within 10 business days after the Board has approved the annual audited financial statements of the Company in respect of the relevant accounting period; and • 50 per cent. of the relevant Incentive Fee shall be satisfied by the issue to the Investment Manager by the Company of new Shares issued at an issue price equal to the higher of (i) the prevailing NAV per Share and (ii) the closing mid market price per Share, in each case on the last business day of the Performance Period to which the Incentive Fee relates, within 10 business days after the Board has approved the annual audited financial statements of the Company in respect of the relevant accounting period. In respect of the Shares issued as described above, 50 per cent. of those Shares will be restricted and placed in escrow to be released on the date falling 12 months from the end of the Performance Period to which they relate, and the remaining 50 per cent. will be restricted and placed in escrow to be released on the date falling 24 months from the end of the Performance Period to which they relate. The Investment Manager is also entitled to the reimbursement of certain expenses. ***Sponsor, Financial Adviser and Broker*** finnCap Ltd. has been appointed as sponsor and financial adviser to the Company. The Company, the Investment Manager and finnCap have entered into the Sponsor Agreement in connection with Admission. Under the Sponsor Agreement, finnCap is entitled to a corporate finance fee plus the reimbursement of certain expenses. ***Administrator*** Carey Commercial Limited has been appointed as the Administrator of the Company. The Administrator provides administrative and company secretarial services to the Company and is the Company's designated administrator for the purposes of Guernsey law. The Administrator is entitled to receive annual fees totalling £80,000 in respect of company secretarial, designated administrator, oversight, risk and compliance services. The Administrator is also entitled to a project fee in relation to Admission of £10,000 and certain event-driven fees. The Administrator is entitled to the reimbursement of certain expenses. The Administrator has delegated certain administration services to the Sub-Administrator. The Administrator has also been appointed as the Company's sponsor for the purpose of the admission of the Shares to the Official List of TISE, for which the Administrator is entitled to receive an annual fee of £2,500 plus certain event-driven fees. ***Sub-Administrator*** Standard Chartered Bank, Singapore Branch has been appointed to provide certain administration services in respect of the Company, as a delegate of the Administrator. During 2019 it is expected that the Sub-Administrator will transfer responsibility for providing administrative

		services to the Company to Standard Chartered Bank (Singapore) Limited, a wholly owned subsidiary of the Sub-Administrator. Under the Sub-Administration Agreement, the Sub-Administrator is responsible for providing certain fund administration services to the Company, such as the calculation and publication of the Net Asset Value and maintenance of the Company's accounting records, under the supervision of the Administrator and the Directors. The Sub-Administrator is entitled to receive a fee of 0.07 per cent. of the assets under administration, falling to 0.06 per cent. in respect of assets in excess of US$100 million, per annum, payable monthly in arrears and subject to a minimum monthly fee of US$5,500. The Sub-Administrator is entitled to the reimbursement of certain expenses. ***Custodian*** The Company has appointed Standard Chartered Bank, Singapore Branch as the custodian of the Company, to provide the custody services set out in the Custodian Agreement. During 2019 it is expected that the Custodian will transfer responsibility for providing custody services to the Company to Standard Chartered Bank (Singapore) Limited, a wholly owned subsidiary of the Custodian. The Custodian is entitled to receive a fee of 0.08 per cent. of the assets under custody per annum, payable monthly in arrears and subject to a minimum fee of US$12,000 per annum. In addition, the Custodian is entitled to certain event-driven fees. The Custodian is entitled to the reimbursement of certain expenses. ***Registrar*** Computershare Investor Services (Guernsey) Limited has been appointed as the registrar of the Company to provide share registration services. Under the Registrar Agreement, the Registrar is entitled to a one-off set up fee of £2,000, an ongoing annual fee of £7,500 and extra fees for certain additional services provided to the Company. The Registrar is entitled to the reimbursement of certain expenses. ***Auditors*** The Company has appointed KPMG Channel Islands Limited as the auditors of the Company.
B.41.	Regulatory status of investment manager and custodian	The Investment Manager is a non-cellular company limited by shares registered in Guernsey pursuant to the Companies Law under registration number 65717. The Investment Manager is regulated by the GFSC in order to provide investment management services to the Company. The Custodian is incorporated in England with limited liability by Royal Charter with reference number ZC18 and operates under the UK Companies Act 2006 and the applicable laws of its jurisdictions of operation. The Custodian acts as global custodian for the Company through its Singapore branch and its wholly-owned subsidiary in Vietnam, Standard Chartered Bank (Vietnam) Limited (registered number 0103617147) acts as sub-custodian. The Custodian is authorised by the Prudential Regulation Authority and is regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the UK and by the Monetary Authority of Singapore in Singapore. The sub-custodian, Standard Chartered Bank (Vietnam) Limited, is regulated by the State Bank of Vietnam, and has its custodian license issued by State Securities Commission in Vietnam.

B.42.	Calculation and publication of Net Asset Value	The unaudited Net Asset Value and NAV per Share is calculated by the Sub-Administrator and is published monthly as soon as practicable after the end of the relevant month. The NAV per Share is expressed in both US Dollars and Sterling. In addition, the estimated Net Asset Value and NAV per Share is calculated on a daily basis by the Investment Manager. The Net Asset Value is announced as soon as possible through a Regulatory Information Service and published in due course on the Company's website at www.vietnamholding.com.
B.43.	Cross liability	Not applicable. The Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.
B.44.	No financial statements have been made up	Not applicable.
B.45.	Portfolio	As at the Latest Practicable Date, the Company's portfolio comprised 23 investments in Investee Companies. As at the Latest Practicable Date the Company's unaudited Net Assets (which include cash and cash equivalent holdings) were approximately US$149.89 million. There has been no material change in the Company's investments since the Latest Practicable Date. As at the Latest Practicable Date, the Company's top 10 investments, representing 70.6 per cent. of Net Assets, were as follows: **Holding** — **% of NAV** Phu Nhuan Jewelry JSC — 10.2 Sai Gon Cargo Service Corp — 8.9 FPT Corp — 8.7 Khang Dien House — 7.3 Hoa Phat Group JSC — 7.3 Viet Capital Securities JSC — 6.4 MB Bank — 6.0 Mobile World Corp — 5.9 Thien Long Group — 5.0 Van Phu – Invest — 4.9
B.46.	Net Asset Value	As at the Latest Practicable Date, the Net Asset Value per Share was US$2.811 (£2.108).

Section C – Securities

Element	Disclosure Requirement	Disclosure
C.1.	Type and class of securities	Ordinary shares of nominal value US$1.00. The ISIN of the Shares is GG00BJQZ9H10. The SEDOL of the Shares is BJQZ9H1. The ticker for the Shares is VNH.
C.2.	Currency denomination of securities	The nominal value of the Shares is denominated in US Dollars. Upon Admission, the Share price will be quoted, and the Shares will be traded on the London Stock Exchange and the Official List of TISE, in Sterling.

<table>
<tr><td>C.3.</td><td>Details of share capital</td><td>Set out below is the issued share capital of the Company as at the date of this Prospectus:

<table>
<tr><th></th><th>Aggregate Nominal Value (US$)</th><th>Number</th></tr>
<tr><td>Shares of US$1.00 each</td><td>53,330,870</td><td>53,330,870</td></tr>
</table>
The Shares are fully paid up.</td></tr>
<tr><td>C.4.</td><td>Rights attaching to the securities</td><td>The holders of the Shares are entitled to receive, and to participate in, any dividends declared in relation to the Shares.

On a winding-up of the Company or other return of capital (other than by way of a repurchase or redemption of Shares in accordance with the provisions of the Articles and the Companies Law), the surplus assets of the Company attributable to the Shares remaining after payment of all creditors shall be divided amongst the holders of Shares pari passu among the holders of Shares in proportion to the number of Shares held by them.

The Shares shall carry the right to receive notice of, attend and vote at general meetings of the Company.

The consent of the holders of Shares will be required for the variation of any rights attached to the Shares.

No holder of Shares has the right to require the redemption of any of his Shares at his option.</td></tr>
<tr><td>C.5.</td><td>Restrictions on the free transferability of the securities</td><td>There are no restrictions on the free transferability of the Shares, subject to applicable securities laws.</td></tr>
<tr><td>C.6.</td><td>Admission</td><td>Application will be made to the UK Listing Authority, the London Stock Exchange and TISE for all of the Shares to be admitted (i) to the premium segment of the Official List and to trading on the London Stock Exchange's main market and (ii) to listing and trading on the Official List of TISE. It is expected that Admission will become effective and that dealings for normal settlement in the Shares will commence on 8 March 2019.</td></tr>
<tr><td>C.7.</td><td>Dividend policy</td><td>The Board may from time to time declare any such dividends to Shareholders as appropriate. No dividend may be declared or paid other than from funds lawfully available for distribution including share premium. The Company's income from investments will be applied first to pay the fees and other expenses of the Company. The Company's net income (excluding capital gains), if any, may be distributed to Shareholders, subject to retention of sufficient funds to meet anticipated fees and other expenses and subject to the ability to convert Dong income into foreign currency for purposes of paying such dividends. Any dividends unclaimed after a period of six years after having been declared will be forfeited and revert to the Company. No dividend payable by the Company on or in respect of any Share will bear interest against the Company. To date, no dividends have been distributed by the Company.</td></tr>
</table>

Section D – Risks

Element	Disclosure Requirement	Disclosure
D.2.	Key information on the key risks that are specific to the Company	• Difficult market or economic conditions in Vietnam could adversely impact the Company's investment portfolio. Vietnam is both a transitional and developing economy and as such represents a range of risks associated with a rapidly evolving country.

		• Stock exchanges in Vietnam are relatively recent, may be more conservatively regulated than other regional exchanges and may continue to exhibit limited liquidity. It may as a result be considerably more difficult for the Company to exit its investments in Vietnam than it is for investors in more developed jurisdictions. • Where the Company invests in securities of unlisted companies, there is no guarantee that the Company will be able to realise the fair value of such securities due to the tendency of such companies to have limited liquidity and comparatively high price volatility. Additionally, there may be no reliable price source available. Investments in unlisted companies in Vietnam may require extensive due diligence which may be difficult to achieve. • The general standard of corporate governance practices in Vietnam is below that of more developed countries, both for listed or unlisted companies and corporate governance malpractices remain relatively common. • The NAV per Share is expressed in US Dollars and Sterling while most assets held are denominated in Dong. Fluctuations in exchange rates may have an adverse effect on (i) the Net Asset Value and NAV per Share, and (ii) the value of distributions received by Shareholders in US Dollars after conversion of the income and realisation proceeds from the Company's non-Dollar denominated investments. • Vietnam's legal system contains inconsistencies and gaps in laws and regulations and new laws and changes to existing laws may adversely affect foreign investors.
D.3.	Key information on the key risks that are specific to the Shares	• The value of the Shares can fluctuate and may go down as well as up. • There is no certainty that the market price of the Shares will fully reflect their underlying Net Asset Value. Shares of closed-end investment companies frequently trade at a discount to net asset value. This characteristic of shares of a closed-end fund is a risk separate and distinct from the risk that the net asset value may decrease. • The Directors are under no obligation to effect repurchases of Shares. Shareholders wishing to realise their investment in the Company may have to dispose of their Shares in the market. There may not be a liquid market in the Shares.

Section E – Offer

Element	Disclosure Requirement	Disclosure
E.1.	Proceeds and expenses of the issue/offer	Not applicable. The Company is not offering any new Shares nor any other securities in connection with Admission. The costs and expenses in connection with Admission will be borne by the Company and are not expected to exceed an aggregate of US$900,000.
E.2.a.	Reasons for the offer, use of proceeds and estimated net amount of proceeds	Not applicable. The Company is not offering any new Shares nor any other securities in connection with Admission.

E.3.	Terms and conditions of the offer	Not applicable. The Company is not offering any new Shares nor any other securities in connection with Admission.
E.4.	Material interests	Not applicable. The Company is not offering any new Shares nor any other securities in connection with Admission.
E.5.	Name of person selling securities/ lock-up agreements	Not applicable. The Company is not offering any new Shares nor any other securities in connection with Admission.
E.6.	Dilution	Not applicable. There is no dilution in connection with Admission.
E.7.	Estimated expenses charged to the investor by the issuer	Not applicable. No expenses will be charged to investors by the Company. The costs and expenses in connection with Admission will be borne by the Company and are not expected to exceed an aggregate of US$900,000.

RISK FACTORS

Investment in the Company should not be regarded as short-term in nature and involves a degree of risk. Accordingly, investors should consider carefully all of the information set out in this Prospectus and the risks attaching to an investment in the Company including, in particular, the risks described below.

The Directors believe that the risks described below are the material risks relating to the Company and the Shares at the date of this Prospectus. Additional risks and uncertainties not currently known to the Directors, or that the Directors deem immaterial at the date of this Prospectus, may also have an adverse effect on the performance of the Company and the value of the Shares. Investors should review this Prospectus carefully and in its entirety and consult with their professional advisers.

The past performance of the Company and of investments which are referred to in this Prospectus are for information or illustrative purposes only and should not be interpreted as an indication, or as a guarantee, of future performance.

A. Risks relating to the Company and its investment strategy

The Company may not meet its investment objective

The Company may not achieve its investment objective. The Company's investment objective is to provide Shareholders with long-term capital appreciation. Meeting that objective is a target but the existence of such an objective should not be considered as an assurance or guarantee that it can or will be met. There is no guarantee that an investment in the Company will deliver returns.

The Company has no employees and is reliant on the performance of third party service providers

The Company has no employees and the Directors have all been appointed on a non-executive basis. Whilst the Company has taken all reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations, the Company is reliant upon the performance of third party service providers for its executive function. In particular, the Investment Manager, the Custodian, the Administrator, the Sub-Administrator and the Registrar will be performing services which are integral to the activities of the Company. Failure by any service provider to carry out its obligations in accordance with the terms of its appointment could have a materially detrimental impact on the activities of the Company.

The past performance of other investments managed or advised by the Investment Manager or its investment professionals cannot be relied upon as an indicator of the future performance of the Company. Investor returns will be dependent upon the Company successfully pursuing its investment policy. The success of the Company will depend *inter alia* on the Investment Manager's ability to acquire and realise investments in accordance with the Company's investment policy. This, in turn, will depend on the ability of the Investment Manager to identify suitable investments for the Company to invest in. There can be no assurance that the Investment Manager will be able to do so or that the Company will be able to invest its assets on attractive terms or generate any investment returns for Shareholders or indeed avoid investment losses.

An investor may not get back the amount originally invested. The Company can offer no assurance that its investments will generate capital gains or returns or that any capital gains or returns that may be generated on particular investments will be sufficient to offset any losses that may be sustained.

Investor returns will be dependent upon the performance of the portfolio and the Company may experience fluctuations in its operating results

Investors contemplating an investment in the Shares should recognise that their market value can fluctuate and may not always reflect their underlying value. Returns achieved are reliant primarily upon the performance of the portfolio. No assurance is given, express or implied, that Shareholders will receive back the amount of their original investment in the Shares.

The Company may experience fluctuations in its operating results due to a number of factors, including changes in the values of investments made by the Company, changes in the amount of distributions, dividends or interest paid by companies in the portfolio, changes in the Company's operating expenses, currency and exchange rate fluctuations, variations in and the timing of the recognition of realised and unrealised gains or losses, the degree to which the Company encounters competition and general economic and market conditions. Such variability may lead to volatility in the trading price of the Shares and cause the Company's results for a particular period not to be indicative of its performance in a future period.

Changes in laws or regulations governing the Company's activities may adversely affect the Company's performance

The Company is subject to laws and regulations enacted by European, national and local governments. In particular, the Company is subject to and will be required to comply with certain regulatory requirements that are applicable to listed closed-ended investment companies. In addition, the Company will be subject to the continuing obligations imposed by the UK Listing Authority on all investment companies whose shares are listed on the Official List.

Any change in the law and regulation affecting the Company may have a material adverse effect on the ability of the Company to carry on its investment activities and successfully pursue its investment policy and on the value of the Company and the Shares. In such event, the investment returns of the Company may be materially adversely affected.

UK exit from the European Union

A referendum was held on 23 June 2016 to decide whether the UK should remain in the EU. A vote was given in favour of the UK leaving the EU ("**Brexit**") and Article 50 of the Treaty on European Union was triggered on 29 March 2017 such that it is expected that the UK will leave the EU on 29 March 2019. Although the Company's portfolio is not exposed to UK companies, Brexit may have an effect on the Company. The extent of the impact on the Company will depend in part on the nature of the arrangements that are put in place between the UK and the EU following Brexit and the extent to which the UK continues to apply laws that are based on EU legislation. As such, it is not possible to state the impact that Brexit will have on the Company and its investments. It could also potentially make it more difficult for the Company to raise capital in the EU and/or increase the regulatory compliance burden on the Company. This could restrict the Company's future activities and thereby negatively affect returns.

Risks associated with gearing

The Company may use gearing to seek to enhance investment returns, which is expected to primarily comprise borrowings but may include other methods.

Whilst the use of gearing should enhance the total return on the Shares where the return on the Company's underlying assets is rising and exceeds the cost of gearing, it will have the opposite effect where the return on the Company's underlying assets is rising at a lower rate than the cost of gearing or where such return is falling, both further reducing the total return on the Shares. As a result, the use of gearing by the Company may increase the volatility of the Net Asset Value per Share.

As a result of gearing, any reduction in the value of the Company's investments may lead to a correspondingly greater percentage reduction in its Net Asset Value (which is likely to adversely affect the price of a Share). Any reduction in the number of Shares in issue (for example, as a result of buy backs) will, in the absence of a corresponding reduction in gearing, result in an increase in the Company's level of gearing.

To the extent that a fall in the value of the Company's investments causes gearing to rise to a level that is not consistent with the Company's gearing policy or borrowing limits, the Company may have to sell investments in order to reduce gearing, which may give rise to a significant loss of value compared to the book value of the investments, as well as a reduction in income from investments.

The Company will pay interest on its borrowings. As such, the Company is exposed to interest rate risk due to fluctuations in the prevailing market rates, any changes in which may have a positive or a negative effect on the Company's cost of borrowing and Net Asset Value. Whilst the Company may seek to hedge against movements in interest rates, there can be no guarantee that any hedging strategies will be utilised or that they will be successful.

Life of the Company

In 2023, the Board will propose at the Company's annual general meeting an ordinary resolution that the Company will continue as presently constituted. If that resolution is passed, the Company will continue its operations indefinitely, unless the Board, at the time of the annual general meeting in 2023, considers it appropriate to provide for a further continuation resolution. If the continuation resolution in 2023 is not passed, then the Directors will be required to formulate proposals to be put to Shareholders to either wind up the Company or to implement a reconstruction, amalgamation or other material alteration to the Company or its activities or any other appropriate alternative based on current circumstances as the Board thinks fit. Shareholders should be aware of the possibility that the continuation resolution in 2023 may not be passed and hence the Company may not continue in its current form.

Operating expenses

The Company's annual operating expenses may be higher than those of some other investment companies, primarily because of the additional time and expense required in pursuing the Company's investment objectives. In particular, exercising proper investment due diligence in Vietnam entails additional time and expense in comparison to investing in many other countries or securities because available public information concerning such investments is limited in comparison to, and not as comprehensive as, that available for investments in many other countries or sectors. Accordingly, the Company may in certain cases require the assistance of external consultants, at additional cost.

B. Risks relating to the Investment Manager

The departure of some or all of the Investment Manager's investment professionals could prevent the Company from achieving its investment objective

The Company depends on the diligence, skill, judgment and business contacts of the Investment Manager's investment professionals, and the information they discover during the normal course of their activities. The Company's future success depends on the continued service of these individuals, who are not obligated to remain employed with the Investment Manager and the Investment Manager's ability to strategically recruit, retain and motivate new talented personnel. The Investment Manager may not be successful in its efforts to recruit, retain and motivate the required personnel as the market for qualified investment professionals is extremely competitive. This could adversely affect the Company's ability to achieve its investment objective, which could have a material adverse effect on the Company's profitability, Net Asset Value and Share price.

There can be no assurance that the Directors will be able to find a replacement investment manager if the Investment Manager resigns

Under the terms of the Investment Management Agreement, the Investment Manager may resign by giving the Company not less than six months' written notice, such notice not to expire earlier than 24 months from the Investment Manager's appointment on 16 July 2018. The Investment Manager shall, from the date such notice takes effect, cease to make investment decisions on behalf of the Company.

The Directors would, in these circumstances, have to find a replacement investment manager for the Company and there can be no assurance that such replacement with the necessary skills and experience could be appointed on terms acceptable to the Company. In this event, the Directors would have to formulate and put forward to Shareholders proposals for the future of the Company, which may include its merger with another investment company, reconstruction or winding up.

The Investment Manager may allocate some of its resources to activities in which the Company is not engaged, which could have a negative impact on the Company's ability to achieve its investment objective

The Investment Manager is not required to commit all of its resources to the Company's affairs. Insofar as the Investment Manager devotes resources to its responsibilities to other business interests, its ability to devote resources and attention to the Company's affairs will be limited. This could adversely affect the Company's ability to achieve its investment objective, which could have a material adverse effect on the Company's profitability, Net Asset Value and Share price.

The Investment Manager and its affiliates may provide services to other clients which could compete directly or indirectly with the activities of the Company and may be subject to conflicts of interest in respect of its activities on behalf of the Company

The Investment Manager and its affiliates may be involved in other financial, investment or professional activities which may on occasion give rise to conflicts of interest with the Company. The Investment Manager may provide investment management, portfolio management, investment advisory or other services to funds other than the Company which may have similar investment policies to that of the Company.

The Investment Manager and its principals and affiliates may carry on investment activities for their own accounts and for other accounts in which the Company has no interest. The Investment Manager and its principals and affiliates may give advice and recommend securities to other managed accounts or investment funds which may differ from advice given to, or investments recommended or bought for, the Company, even though their investment policies may be the same or similar.

Incentive fees

Under the Investment Management Agreement, the Investment Manager is entitled to an incentive fee subject to meeting certain performance thresholds. The potential for a performance fee to be payable may create an incentive for the Investment Manager to make riskier or more speculative investments than it would otherwise make in the absence of such fee. In such circumstances, the Company may be exposed to greater risk, which could have a materially adverse effect on the Company's performance.

C. Risks relating to the Company's portfolio

Economic and market conditions

Difficult market or economic conditions in Vietnam could adversely impact the Company's investment portfolio. Vietnam is both a transitional and developing economy, with less than two decades' experience of stock market activity, and as such, contains a range of risks associated with a rapidly evolving country. In addition, many of the sectors in which the Company has existing investments and plans to make future investments are subject to various risks, including increasing market competition as previous barriers to entry are gradually removed and the 'playing field' for business is levelled.

In addition, changes in general economic and market conditions including, for example, interest rates, cost increase, rates of inflation (which have historically been high in Vietnam), industry conditions, competition, political events and trends, tax laws, national and international conflicts and other factors could substantially and adversely affect the Company's prospects and thereby the performance of the Shares.

Restrictions on foreign investments

Foreign investors face a number of legal restrictions which may affect the ability of the Company to implement its investments in Vietnam.

Foreign investors may in principle purchase up to 100 per cent. of the equity in a Vietnamese company subject to certain restrictions, including, without limitation, those applicable to:

- *Regulated sectors:* foreign investment in regulated sectors is governed by the laws applicable to such sectors. In the financial sector, for example, foreign investors can collectively only own up to 30 per cent. of Vietnamese commercial banks. In addition, foreign ownership limitations in Vietnamese companies in some of the services sectors are as provided in international treaties to which Vietnam is a party, including the WTO; and
- *Public companies sector:* foreign ownership in all Vietnamese public companies[(1)] is limited to 49 per cent. of the company's share capital.

These restrictions may make it more difficult for the Company to make the investments that it wishes to make. If a company subject to such restrictions has issued its full quota of shares to foreign investors then the Company will either be unable to make the investment or it may have to pay a premium to another foreign investor in order to acquire shares without breaching the relevant limits. Both of these implications may have a material adverse effect on the Company's investment returns.

Investments in listed companies

The HoSE started operations in July 2000 and the HNX was upgraded from a 'stock transaction centre' to full stock exchange status in June 2009. While the HoSE in Ho Chi Minh City is the premier stock market for

(1) Under the Vietnamese Securities Law, a public company is a joint stock company falling within any of the following three categories: (a) a company whose securities have been offered to the public; (b) a company whose securities have been listed in a stock exchange or securities trading centre; (c) a company whose securities are owned by at least 100 investors, excluding professional securities investors and whose contributed charter capital is VND10 billion (approximately US$430,000) or more; while 'public offering of securities means an offering of securities according to one of the following methods: (a) via the mass media, including Internet; (b) offering of securities to 100 investors or more, excluding professional securities investors; (c) offering to an unspecified number of investors. Professional securities investors include commercial banks, finance companies, finance leasing companies, insurance companies and securities trading organisations.

Vietnam, hosting most larger companies, Ha Noi's HNX hosts companies that fall below the minimum chartered capital requirement of HoSE and serves as the country's bond market.

Stock exchanges in Vietnam are relatively recent, may thus be more conservatively regulated than other regional exchanges and continue to exhibit limited liquidity. It may as a result be considerably more difficult for the Company to exit its investments in Vietnam than it is for investors in more developed jurisdictions and the Company may have to resell its investments in privately negotiated transactions.

Share price changes are subject to daily limits, currently set at 7 per cent. and 10 per cent. in either direction on the HoSE and HNX, respectively, although this trading band may expand or contract over time.

Investments in unlisted companies

Although it is intended that the Company's portfolio will primarily comprise listed securities, the Company may invest in unlisted companies. Whilst such investments may offer the opportunity for significant capital gains, they also involve a high degree of business and financial risk. Generally, there is no guarantee that the Company will be able to realise the fair value of such securities due to the tendency of such companies to have limited liquidity and comparatively high price volatility. Additionally, there may be no reliable price source available. Even though most brokers publish daily prices for a large number of companies traded on the OTC Market, estimates of fair market value of such investments are more difficult to establish than for listed companies and are the subject of some uncertainty. Furthermore, companies whose securities are traded on the OTC Market may not be subject to the disclosure and other legal requirements that would otherwise be applicable if their securities were traded on a public exchange.

Many unlisted companies in Vietnam trade on the informal OTC Market, which acts as an intermediary for the trading of shares of joint stock companies that are not listed on the Vietnam Stock Exchanges. Transactions on this over-the-counter market are negotiated and agreed upon directly between buyers and sellers, often with the involvement of facilitating broker-dealers or other intermediaries. The Investment Manager has in the past been able to work with reputable securities companies thus reducing the counterparty and settlement risks. However, these settlement and counterparty risks are likely to remain in the future.

As the Company is regarded as a foreign investor under Vietnamese law, the Company's investments in unlisted companies will be subject to foreign ownership restrictions, as indicated above. The Company may therefore be limited in the percentage ownership of a company that it could acquire and the management participation that will be allowed without triggering the need for discretionary government evaluation and approval of an investment. These limitations may have an adverse effect on the proposed activities and projected performance of the Company or may increase the Company's costs and delay its investments.

The Company's investments in unlisted companies may be difficult to value and there may be little or no protection for the value of such investments. If a listing on a stock exchange is not possible, investments in unlisted companies may have to be held for an appreciable period of time. Selling the securities in unlisted companies which fail to obtain a listing may not be possible and, if possible, may only be possible at prices below their original cost and/or at substantial discounts to the Investment Manager's perception of their market value.

As Vietnam remains a developing country, the Company's investments in unlisted companies in Vietnam may require extensive due diligence. However, good due diligence may be difficult to achieve, especially in the context of investments in former SOEs either because the Company may buy shares during an auction process that allows only limited due diligence or because the records of the former SOEs are imperfect and the information is not available.

As the Company will be a minority shareholder in any unlisted companies in which it invests, the Company will endeavour in appropriate situations to obtain suitable shareholder protection by way of a shareholders' agreement and/or board representation, where available. However, the Company may not succeed in obtaining such protection and even where the Company obtains such shareholders' agreement or board representation, they may confer limited protection for the Company.

Trading shares in unlisted companies is subject to potentially greater counterparty and settlement risks given the limited regulatory oversight. While such risks may be mitigated by the diligence and experience of the Investment Manager, they may not be entirely excluded.

Limited liquidity

It may be considerably more difficult for the Company to invest in or exit its investments in Vietnam than it is for investors in more developed jurisdictions.

In particular, the Company will seek to realise its investments in unlisted companies through listings on the Vietnam Stock Exchanges. However, there is no guarantee that the Vietnam Stock Exchanges will provide liquidity for the Company's investments in unlisted companies. The HoSE only commenced operations in July 2000 and continues to exhibit limited liquidity at times.

The Company may have to resell such investments in unlisted companies in privately negotiated transactions and the prices realised from these sales could be less than those originally paid by the Company or less than what may be considered to be the fair value or actual market value of such securities. In view of this, the Company's investments in unlisted companies will generally be long-term in nature and may have to be held for many years from the date of initial investment before realisation.

Investments in equitised SOEs

By definition, equitised SOEs, whether they are listed companies or unlisted companies, will have been SOEs until a point in time that may be shortly before the Company invested in them. The management of any given equitised SOE may have one or more potential problems, such as difficulties adjusting to the private sector; following international standard corporate governance practices; being transparent and appointing appropriately qualified officers and directors; or employing and retaining qualified staff.

Equitised SOEs may continue to be majority-owned by the Vietnamese state and may continue to respond to state interests rather than the interests of all shareholders.

Equitised SOEs may in some cases inherit business legacies from their former status, such as excessive workforces.

Furthermore, due to the weak legal infrastructure in Vietnam, investors face a risk of fraud by equitized SOEs. For instance, it is possible that equitised SOEs will misrepresent their financial position or the status of their business, use the investment capital provided by the Company in unauthorised ways, embezzle money or fraudulently transfer assets, or otherwise not honour their obligations to shareholders.

Limits on disposals

If an unlisted company does not obtain a listing on a Vietnam Stock Exchange or other exchange and a trade or other negotiated sale becomes necessary in order for the Company to exit its position, other shareholders in such unlisted company may have a right of first refusal upon such sale. The ability of the Company to dispose of an investment and the timing and terms of any such disposal may in certain instances be limited or affected by such right of first refusal.

Transfer and settlement risk

The trading and settlement practices of the Vietnam Stock Exchanges may not be the same as those in more established markets, which may increase settlement risk and/or result in delays in realising investments in listed companies made by the Company. The Company may also be exposed to the credit risk of a counterparty on an unsecured basis and the risk of settlement default. Consequently, there can be no assurance that the Company would recover any of the amounts owed to the Company by the defaulting counterparty.

The collection, transfer and deposit of securities and cash expose the Company to a number of risks including theft, loss, fraud, destruction and delay. This is particularly the case for securities traded on the OTC Market.

Vietnamese transfer and settlement procedures have been improved significantly since the enactment of Vietnam's Securities Law (which came into effect on 1 January 2007) and its guiding documents. However, procedures for registration of ownership of unlisted securities may be unreliable and time consuming. Substantial delay or failure to complete a transaction may result in the partial or complete loss of an investment. There is also a risk that the counterparty will not complete the transaction. Substantial delay or failure to complete a transaction may result in the partial or complete loss of an investment or the inability to exit investments on terms or at a time acceptable to the Company.

Corporate governance practices in Vietnam

The general standard of corporate governance practices in Vietnam is below that of more developed countries, both for listed or unlisted companies. Corporate governance standards are gradually improving in Vietnam, as a result of the growing presence of institutional investors; a realisation by some Investee Companies of the gains to be derived from implementing higher corporate governance standards; and an improved regulatory regime. Nonetheless, corporate governance malpractices remain common.

Other risks relating to investing in companies in Vietnam

Investee Companies and, in particular, equitised SOEs, whether they are listed companies or unlisted companies, will face a number of risks which could cause them to under-perform significantly or even result in their bankruptcy. The Directors believe that the risks set out below are material risks at the present time:

- risk of insufficient financing or access to capital;
- lack of customer diversification and understanding of the product market;
- a tendency by some companies and, particularly, larger SOEs, to invest aggressively in a diverse range of sectors outside of their core competencies;
- a tendency by some companies to speculate on raw materials prices, resulting in excessive inventory risk, inefficient use of working capital and risk of disruption to production operations;
- risk of fraud perpetrated against Investee Companies by its officers or by third parties, which may be compounded by their own internal control weaknesses;
- a failure to analyse and anticipate industry trends particularly in overseas markets where the knowledge base remains limited;
- insufficient depth of experience in the senior and middle management team, difficulty in recruiting capable managers and overstaffing;
- a similar lack of experience and candidates at the company board level; and
- changes in competitiveness due to changes in relative exchange rates.

Limited investment opportunities

An increasing number of companies, institutions and investors, both Vietnamese and foreign, are active in seeking investments in Vietnam. As a result, competition for a limited number of attractive investment opportunities may lead to a delay in the pace of investment activity and/or may increase the price at which investments may be made and thereby reduce the Company's potential profits in relation to such investments.

Market forces

Competition in business in Vietnam has been increasing, largely as a result of the country's increasing globalisation and domestic market opening. As this is likely to continue, the Company's investments in export-oriented industries, for example, may be affected by changes in trade regimes or by protectionist measures in foreign countries.

As a result of such changes, and other market forces, the Company's investments could suffer substantial declines in value at any stage.

Exchange rates

The NAV per Share is expressed in US Dollars and Sterling while most assets held are denominated in Dong.

In addition, Shareholders' investments in the Company are made in US Dollars and the Company converts such US Dollars into Dong (or in the context of an investment outside Vietnam, into another foreign currency) prior to making investments. It must convert Dong (or such other currency) back to US Dollars prior to distributing any income and realisation proceeds from such investments.

There can be no assurance that fluctuations in exchange rates will not have an adverse effect on (i) the Net Asset Value and NAV per Share, or (ii) the value of distributions received by Shareholders in US Dollars after conversion of the income and realisation proceeds from the Company's non-US Dollar denominated investments.

Over the last 25 years, the Dong has depreciated against the US Dollar. It is possible that the Dong will depreciate further in the future.

The Company may seek to hedge against a decline in the value of the Company's investments resulting from currency depreciation but only if and when suitable hedging instruments are available on a timely basis and on acceptable terms. There is no assurance that any hedging transactions engaged in by the Company will be successful in protecting against currency depreciation or that the Company will have opportunities to hedge on commercially acceptable terms.

Currency conversion

The Vietnamese government does not guarantee that hard currency will be available to the Company or that it will receive any priority if there is a shortage. There have been brief periods in the past when US Dollars have been in relatively short supply in Vietnam.

Foreign investors can convert income and realisation proceeds into hard currency and remit them overseas upon the fulfilment of all tax obligations in accordance with Vietnamese law. However, the relevant regulation only contains broad statements of principle regarding such remittances and problems have sometimes arisen in practice in effecting remittances. This may include the need to obtain a special approval, and such approval may not be received quickly or at all. Any delay in conversion increases the Company's exposure to depreciation of the Dong against other currencies. If conversion is not effected at all, some of the Company's assets may be denominated in a nonconvertible currency.

Follow-on investments at less favourable terms

Once the Company has made an investment in an Investee Company, it may consider that, in order to protect its original investment, it should make a further investment in that Investee Company, for example if the Investee Company becomes distressed. Such follow-on investment may be on terms that are less favourable than would be available in respect of an investment that is not distressed and therefore the Company's returns in respect of that follow-on investment may be lower than it would otherwise seek.

Alternately, the Investee Company could proceed to make a new rights issue, thereby possibly diluting the Company's shareholding if the Company does not have or exercise pre-emption rights.

Market values of Investee Companies

The Company's portfolio of investments includes Vietnamese companies whose securities are publicly traded. These may be volatile and are likely to fluctuate due to a number of factors beyond the Company's control, including actual and anticipated fluctuations in the quarterly and annual results of Investee Companies and of other companies operating in the same industries; market perceptions concerning the availability of additional securities for sale; general economic, social and/or political developments; changes in industry conditions; shortfalls in operating results from levels forecast by securities analysts; the general state of the securities markets; and other material events, such as significant management changes, refinancings, acquisitions and disposals. Changes in the values of these investments may adversely affect the Net Asset Value and cause the market price of the Shares to fluctuate accordingly.

Significant volatility has been experienced at the HoSE. Short selling and securities lending is not permitted under current Vietnamese regulations, and accordingly, the Company has significant exposure to this market volatility.

The Vietnamese securities markets are still in the early stages of development and generally lack the levels of transparency, efficiency and regulation characteristic of more developed markets. Regulation of insider dealing has not yet reached the standards of more developed markets, nor, in certain cases, is there a system of safeguards designed to prevent its occurrence. Government supervision of securities markets, investment intermediaries, and quoted companies is not at the level of more developed markets. Many regulations are unclear in their scope and effect, and there is a greater risk than in more developed economies that activities conducted in good faith on the basis of professional advice will subsequently be regarded as not in compliance with fiscal, currency control, securities, corporate or other regulatory requirements.

Third party interests

The Company has no control over the operations of most of its Investee Companies. Although the Investment Manager is responsible for monitoring the performance of each investment and intends to invest in companies operated by management that it considers to be capable, there can be no assurance that any such management team or any successor will be able to operate the Investee Company in accordance with their business plans or the expectation of the Company. Those investments will be subject to the risk that the Investee Company may make business, financial or management decisions with which the Company does not agree, or that the majority stakeholders or the management of the Investee Company may take risks or otherwise act in a manner that does not serve the Company's interests. Such investments will also be subject to the risk of material losses due to fraud or other unauthorised or illegal activity. If any of the foregoing were to occur, the value of the Company's investments could decrease, which could reduce the value of the Shares and/or Net Asset Value. In addition, the Company may not have the same access to information regarding Investee Companies as majority investors in those companies. Accordingly, the Company may not be able to realise some or all of the benefits that might otherwise be associated with such investments.

Shareholders will not be investors in or have direct interests in the underlying securities in which the Company invests and will have no standing or recourse against the underlying portfolio companies, their directors or any of their affiliates.

Lack of geographical diversification

The exposure of the Company's portfolio is concentrated in Vietnam. Greater concentration of investments in any one geographical location may result in greater volatility in the value of the Company's investments and consequently its NAV and may materially and adversely affect the performance of the Company and returns to Shareholders.

Risk management policies and procedures

The Company's policies, procedures and practices used to identify, monitor and control a variety of risks may fail to be effective. As a result, the Company faces the risk of losses, including losses resulting from human errors, market movement and fraud.

The Company regularly reviews its risk management policies and procedures and an annual review is conducted by the Directors with a view to minimising such risks.

Fraud, bribery and corruption

Fraud, bribery and corruption are more common in emerging markets such as Vietnam than in other more developed regions and jurisdictions. Doing business in developing markets brings with it inherent risks associated with enforcement of obligations, fraud, bribery and corruption. The effect of corruption can seriously constrain the development of local economies, erode stability and trust, and its macroeconomic and social costs can be significant. These effects could have a material adverse effect on the performance of the Company's investments. Although the Company has put in place policies in respect of fraud, bribery and corruption, it may not be possible for the Company to detect or prevent every instance of fraud, bribery and corruption to which it may be exposed. The Company may therefore be subject to civil and criminal penalties and to reputational damage. Instances of fraud, bribery and corruption, and violations of laws and regulations in Vietnam could have a material adverse effect on the Company's business, prospects, financial condition or results of operations.

Custody risk and absence of insurance

The Company faces a risk of loss of assets arising from insolvency of the Custodian, the Vietnamese sub-custodian or any other sub-custodian appointed by it, or improper conduct on the part of the Custodian and Vietnamese sub-custodian or their officers and employees, or other any sub-custodian appointed by it. The assets of the Company are not insured by any government or private insurer and in the event of insolvency of a custodian or sub-custodian, the Company may be unable to recover all of its funds or the value of the securities in safe custody.

Credit risk

The default of an issuer of securities or of a counterparty may result in losses for the Company. The risk of default (or issuer risk) is the risk of the other party to a reciprocal contract failing, in whole or in part, to fulfil its obligation with respect to a claim. This applies to all contracts that are entered into for the account of the

Company. Default resulting from the bankruptcy or insolvency of a counterparty may result in the Company having limited recourse under bankruptcy or other relevant laws, experiencing delays in liquidating its position and, possibly, significant losses, including the costs of enforcing the Company's rights against the counterparty.

Vietnamese bankruptcy laws are not easily implemented and bankruptcy proceedings can be far more time-consuming than in other jurisdictions and often yield a very low recovery rate. To be declared bankrupt, an enterprise or its creditors must have sufficient grounds to prove its insolvency and bankruptcy. Assuming that the judge accepts there to be sufficient grounds to proceed with a bankruptcy hearing, the two-tiered bankruptcy procedure for resolving business bankruptcy matters will apply. The first tier is the adjudication phase. If during the adjudication phase it is found that it is not possible to restructure the business of the enterprise, the bankruptcy process then moves to the assets realisation phase. Bankruptcy proceedings in relation to a company that the Company has invested in may therefore be pending for a long time before the Company may recover any of its capital. As a result, the Company may have limited recourse in realising its investment in the event a company in which it invests in becomes insolvent.

Political risks

The value of the Company's assets and of an investment in the Company may be adversely affected by any future changes in the Vietnamese government, government personnel or policies, which may include, among other things, changes in economic policy, business laws and regulations, taxation, investment laws and regulations, valuations and divestment methods for SOE divestments, securities regulations and foreign currency conversion or repatriation regulations.

Whilst Vietnam has implemented many reforms which have improved the overall framework for investors and companies in which they invest, there is no guarantee that the reform momentum will persist or that it will continue at any particular pace.

Legal system

The laws and regulations affecting the Vietnamese economy are in an early stage of development and are less well-established than those in more developed jurisdictions.

Although the legal system in Vietnam is improving, there can be no assurance that the Company will be able to obtain effective enforcement of its rights by legal proceedings in Vietnam, nor is there any assurance that improvements will continue. In addition, the process of legal reform does not always coincide with market developments, resulting in ambiguities and anomalies, and ultimately, increased investment risk.

As Vietnam's legal system develops, there are inconsistencies and gaps in laws and regulations, new laws and changes to existing laws may adversely affect foreign investors, the administration of laws and regulations by government agencies may be subject to considerable discretion, and in many areas the legal framework is vague, contradictory and subject to interpretation.

Furthermore, the judicial system may not be reliable or objective and the ability to enforce acknowledged legal rights is often lacking. By way of example only, the Company may have difficulty exercising conversion rights, voting rights, dividend rights, or restrictive covenants and may have limited recourse to remedy the problem.

The Company's right of ownership or title to an asset or security may be disputed due to, *inter alia*, a poor system for registration of ownership or as a result of vague and conflicting laws. Some Investee Companies may even attempt to use the vague and conflicting legal infrastructure as an excuse for not honouring their commitments to the Company. There is not the same degree of certainty as investors would expect if they invested in a more developed jurisdiction.

The Company and the Investment Manager are subject to the laws and regulations enacted by national, regional and local governments, and may be required to comply with certain licensing and regulatory requirements that are applicable to an investment fund investing in Vietnam, including laws and regulations administered by the State Securities Commission of Vietnam. Compliance with and monitoring of applicable laws and regulations may be difficult, time consuming and costly. Those laws and regulations and their interpretation and application may also change from time to time and those changes, or a failure to comply with such laws or regulations as interpreted and applied, could have an adverse effect on the Company's business, investments and results of operations, and, accordingly, its Net Asset Value.

The Vietnamese government has passed regulations that require certain foreign investment funds investing in Vietnam either to delegate the management of their investments to a domestic fund management company or to establish a branch in Vietnam to manage those investments itself. It is not yet clear if the branch in Vietnam of a foreign fund management company can be considered a domestic fund management company for these purposes and it may be a considerable time before the authorities provide full clarification on this issue. If the Investment Manager cannot set up branch offices in Vietnam in a timely manner or if these branch offices do not qualify as domestic fund management companies, it is possible that the Company may either have to terminate the Investment Management Agreement and appoint another entity to manage its investments, or else the Company itself may have to establish a branch in Vietnam. If the Company were to establish a branch in Vietnam to manage its investments, it may become subject to additional taxation obligations in Vietnam, which would reduce its overall profits and therefore adversely affect the Net Asset Value and the price of the Shares.

The Vietnamese tax regulations are currently under development. There are many areas where detailed regulations do not currently exist and where there is a lack of clarity.

Tax fraud by companies is common, while the implementation of tax regulations can vary depending on the tax authority involved. The Company may also encounter changes in the tax regulations and administration that adversely impact on its future performance.

Additionally, there are various tax implications associated with ownership of the Shares which may vary depending on the individual circumstances of the Shareholder.

Recognition of foreign arbitration awards and their enforcement

Given the lack of legal support for recognising foreign court judgments in Vietnam, parties often select foreign arbitration as the method of dispute resolution.

While there is a legal basis for the recognition and enforcement of foreign arbitration awards in Vietnam in respect of certain types of contracts, there have only been a small number of cases where a Vietnamese court has recognised and enforced such an award and the Company cannot rely on arbitration provisions to guarantee adequate and timely compensation in the case of contractual disputes.

Accounting, auditing and financial reporting standards

Vietnam's accounting, auditing and financial reporting standards, practices and disclosure requirements differ from those in more developed countries. Less information may therefore be available to the Company than in respect of investments in more developed countries, greater reliance may be placed by the auditors on representations made by managers of a company, and there may be less independent verification of information than would apply in more developed countries. The valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may also be treated differently from the manner in which they would be treated under international accounting standards. While the Company seeks to encourage the adoption by the companies in which it invests of international accounting standards and practices and, in terms of unlisted companies, the use of a major international firm of accountants to audit the relevant financial statements prior to an investment being made, there can be no assurance that the companies will do so.

Listed companies are all required to have audited financial statements in conformity with Vietnamese accounting standards.

Convertible instruments

The Company may acquire convertibles (including convertible bonds) to obtain exposure to an issuer or to acquire the equity securities of such issuer consistent with the Company's investment policy. The value of a convertible security is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its "conversion value" (the security's worth, at market value, if converted into the underlying equity security). The credit standing of the issuer and other factors such as interest rates may affect the investment value of a convertible security. For example, a decline in interest rates could reduce the amount of current income the Company is able to achieve from interest on a convertible security. An increase in interest rates could reduce the value of convertible securities. The conversion value of a convertible security is determined by the market price of the underlying equity security and therefore is exposed broadly to the same risks as that of the underlying equity security.

Derivative instruments

The Company's investment policy envisages that the Company may utilise derivative instruments for hedging purposes and for efficient portfolio management. Examples of such derivative instruments include index-linked notes, contracts for differences, options, futures, options on futures, swaps and warrants and they may be traded both on-exchange and over-the-counter.

Leverage may be generated through the use of such financial instruments and, as a result small changes in the value of the underlying assets may cause a relatively large change in the Net Asset Value of the Company. Many such financial instruments are subject to variation or other interim margin requirements, which may force premature liquidation of investment positions. Transactions in over-the-counter contracts may involve additional risk as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk. Derivative transactions may also expose the Company to the creditworthiness of counterparties and their ability to satisfy the terms of such contracts. Accordingly, the Company's use of derivative instruments may expose the Company to greater risk and have a materially adverse effect on the Company's performance.

Cash

A proportion of the Company's portfolio may be held in cash or cash equivalent instruments from time to time. This proportion of the Company's assets will not be invested in the market and will not benefit from positive market movements. Any holdings in cash or cash equivalent instruments may therefore adversely affect the Company's ability to achieve its investment objective.

No benchmark

Although for certain purposes the Company may choose to reference the performance of the portfolio against the Vietnam All Share Index, the Company does not follow that or any other benchmark. Accordingly, the portfolio of investments held by the Company will not mirror the stocks and weightings that constitute any particular index or indices, which may lead to the Shares failing to follow either the direction or extent of any moves in the financial markets generally (which may or may not be to the advantage of Shareholders). An investment in the Company is unsuitable for those who seek investments in some way correlated to a stock market index.

Risks related to the valuation of the Company's assets

The Company's assets are generally valued based on quotes provided by exchanges, brokers and other third party sources. However, these values may not reflect the actual prices which would be realised upon a sale of a particular asset. In addition, the Company may hold loans or privately placed securities for which no public market exists. Valuations of assets undertaken or provided by the Company will be conclusive and binding on all Shareholders.

Prospective Shareholders should be aware that the valuation or pricing of certain asset classes, particularly hard-to-price assets such as illiquid, unlisted and unquoted securities, may result in subjective prices being applied to the Sub-Administrator's calculations of the Net Asset Value of the Company, or the NAV per Share. The Sub-Administrator does not undertake any actual valuation of underlying assets of the Company, and relies on prices ascribed to these assets by third party sources, the Company itself, the Investment Manager, or other brokers, agents or third parties the Company directs the Sub-Administrator to use. The Sub-Administrator does not perform any independent verification or validation of valuations/prices so provided to it. The Sub-Administrator bears no responsibility for any discrepancy between valuations and/or prices provided to it and relied on by the Sub-Administrator in the calculator of Net Asset Value of the Company or the NAV per Share, and the price of which such asset of the Company is subsequently sold, or in the case of an asset sold short, purchased, by the Company. This could materially affect the Net Asset Value of the Company, the Share price and the fees paid, particularly if the Directors', the Investment Manager's or their third party valuation agents' judgments regarding appropriate valuations or pricing should prove incorrect.

Custody risk

There are risks involved in dealing with custodians who hold assets of the Company and who settle the Company's trades. Securities and other assets deposited with custodians may not be clearly identified as being assets of the Company, and hence the Company may be exposed to a credit risk with regard to such parties. In some jurisdictions, the Company may only be an unsecured creditor of its custodian in the event of bankruptcy or administration of such party. Further, there may be practical or time problems associated with enforcing the Company's rights to its assets in the event of the insolvency of any such party (including sub-custodians or agents appointed by the custodian in jurisdictions where sub-custodians are not available).

The banking and other financial systems in some jurisdictions may not be well developed or well regulated. Delays in transfers by banks may result, as may liquidity crises and other problems arising as a result of the under-capitalisation of the banking sector as a whole.

D. Risks relating to taxation

Tax residency

As the Company is not incorporated in the UK, it will not be treated as being resident in the UK for UK corporation tax purposes unless its central management and control is exercised in the UK. The Directors have sought, and will continue to seek, to conduct their affairs so that the Company is not treated as being resident in the UK for UK corporation tax purposes. There can be no guarantee that HMRC, or the taxation authorities of any other jurisdiction, will not seek to determine that the Company is so tax resident in the UK or other jurisdiction. A change in its tax residency may have an adverse effect on the Company's results, financial condition and prospects.

The Company, the Directors and the Investment Manager also conduct their affairs so that the Company is not deemed to have a permanent establishment in Vietnam. However, due to tax regulatory uncertainties, if the Company is deemed to carry out investment through a permanent establishment in Vietnam, or as otherwise being engaged in a trade or business in Vietnam, income attributable to or effectively connected with such permanent establishment or trade or business may be subject to additional tax obligations.

Changes in taxation legislation or practice may adversely affect the Company and the tax treatment for Shareholders investing in the Company

Changes in tax legislation or practice, whether in the UK, Guernsey or elsewhere (including in relation to any obligation to withhold tax in respect of payments to the Company or on portfolio investments), could affect the value of investments held by the Company, affect the ability of the Company to provide returns to Shareholders, and affect the tax treatment for Shareholders of their investments in the Company.

Investors should consult their tax advisers with respect to their particular tax situation and the tax effects of an investment in the Company. Statements in this Prospectus concerning the taxation of investors or prospective investors in Shares are based on current tax law and practice, each of which is potentially subject to change. The value of particular tax reliefs, if available, will depend on each individual Shareholder's circumstances.

Certain statements in this Prospectus take into account the UK offshore fund rules contained in Part 8 of the Taxation (International and Other Provisions) Act 2010. Should the Company or any class of shares issued by the Company be regarded as being subject to the offshore fund rules, this may have adverse tax consequences for certain UK resident Shareholders.

This Prospectus is not a substitute for independent tax advice.

Due diligence and reporting obligations

Under FATCA, the Company could become subject to a 30 per cent. withholding tax on certain payments of US source income (including dividends and interest), and (from 1 January 2019) gross proceeds from the sale or other disposal of property that can produce US source income, and (from the later of 1 January 2019 or the date of publication of certain final regulations) a portion of non-US source payments from certain non-US financial institutions to the extent attributable to US source payments, if it does not comply with certain registration, due diligence and reporting obligations under FATCA. Pursuant to the US-Guernsey IGA and Guernsey legislation implementing the US-Guernsey IGA, the Company will be required to register with the US Internal Revenue Service (the "**IRS**") and report information on its financial accounts to the Guernsey tax authorities for onward reporting to the IRS.

Under the US-Guernsey IGA and Guernsey's implementation of that agreement, securities that are "regularly traded" on an established securities market, such as the Main Market, are not considered financial accounts and are not subject to reporting. For these purposes, the Shares will be considered "regularly traded" if there is a meaningful volume of trading with respect to the Shares on an ongoing basis. Notwithstanding the foregoing, a Share will not be considered "regularly traded" and will be considered a financial account if the holder of the Share (other than a financial institution acting as an intermediary) is registered as the holder of the Share on the Company's share register. Such Shareholders will be required to provide information to the Company to allow the Company to satisfy its obligations under FATCA, although it is expected that whilst a Share is held in uncertificated form through CREST, the holder of that Share will likely be a financial institution acting as an intermediary. Additionally, even if the Shares are considered regularly traded on an established securities market, Shareholders that own their Shares through financial intermediaries may be required to provide information to such financial intermediaries in order to allow the financial intermediaries to satisfy their obligations under FATCA. Notwithstanding the foregoing, the relevant rules under FATCA may change and, even if the Shares are considered regularly traded on an established securities market, Shareholders may, in the future, be required to provide information to the Company in order to allow the Company to satisfy its obligations under FATCA.

Guernsey, along with approximately 100 jurisdictions, has implemented the CRS. Certain disclosure requirements will be imposed in respect of certain Shareholders in the Company falling within the scope of the CRS. As a result, Shareholders may be required to provide any information that the Company determines is necessary to allow the Company to satisfy its obligations under such measures. Shareholders that own the Shares through financial intermediaries may instead be required to provide information to such financial intermediaries in order to allow the financial intermediaries to satisfy their obligations under the CRS.

Any person whose holding or beneficial ownership of Shares may result in the Company having or being subject to withholding obligations under, or being in violation of, FATCA or measures similar to FATCA will be considered a Non-Qualified Holder. Accordingly, the Board has the power to require the sale or transfer of Shares held by such person.

E. Risks relating to the Shares

General risks affecting the Shares

The value of an investment in the Company, and the income derived from it, if any, may go down as well as up and an investor may not get back the amount invested.

The market price of the Shares, like shares in all investment companies, may fluctuate independently of their underlying net asset value and may trade at a discount or premium at different times, depending on factors such as supply and demand for the Shares, market conditions and general investor sentiment. There can be no guarantee that any discount control policy will be successful or capable of being implemented. The market value of a Share may therefore vary considerably from its NAV.

It may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Shares

The price at which the Shares are traded and the price at which investors may realise their investment will be influenced by a large number of factors, some specific to the Company and its investments and some which may affect companies generally. Admission should not be taken as implying that there will be a liquid market for the Shares. Consequently, the share price may be subject to greater fluctuation on small volumes of trading of Shares and the Shares may be difficult to sell at a particular price. The market price of the Shares may not reflect their underlying Net Asset Value.

While the Directors retain the right to effect repurchases of Shares in accordance with the authorities granted by Shareholders from time to time, they are under no obligation to use such powers or to do so at any time and Shareholders should not place any reliance on the willingness of the Directors so to act. Shareholders wishing to realise their investment in the Company may therefore be required to dispose of their Shares in the market. There can be no guarantee that a liquid market in the Shares will develop or that the Shares will trade at prices close to their underlying Net Asset Value. Accordingly, Shareholders may be unable to realise their investment at such Net Asset Value or at all.

The Shares are subject to certain provisions that may cause the Board to refuse to register, or require the transfer of, Shares

Although the Shares are freely transferable, there are certain circumstances in which the Board may, under the Articles and subject to certain conditions, compulsorily require the transfer of the Shares. These circumstances include where the holding or beneficial ownership of any shares in the Company by any person (whether on its own or taken with other shares), in the opinion of the Directors may: (i) cause the assets of the Company to be treated as "plan assets" for the purposes of ERISA or the US Tax Code; (ii) cause the Company to be required to register as an "investment company" under the US Investment Company Act (including because the holder of the shares is not a "qualified purchaser" as defined in the US Investment Company Act) or to lose an exemption or status thereunder to which it might otherwise be entitled; (iii) cause the Company to register under the US Exchange Act, the United States Securities Act of 1933, as amended, or any similar legislation; (iv) cause the Company not to be considered a "foreign private issuer" as such term is defined in rule 36-4(c) under the US Exchange Act; (v) cause the Company to be a "controlled foreign corporation" for the purpose of the US Tax Code; (vi) cause the Company to suffer excise tax, penalties or liabilities under ERISA or the US Tax Code; or (vii) result in any Shares being owned, directly or indirectly, by any person who is deemed to be a Non-Qualified Holder in accordance with the Articles.

Dilution risk

The Company may issue new equity from time to time, including Shares or instruments convertible into or exchangeable for Shares. The Board currently has authority from Shareholders to issue up to 10 per cent. of the Share capital of the Company (as at 4 October 2018) on a non-pre-emptive basis. Where the pre-emption rights set out in the Articles are disapplied, any additional equity financing will be dilutive to those Shareholders who cannot, or choose not to, participate in such financing.

IMPORTANT NOTICES

General

The Company is not offering any new Shares nor any other securities in connection with Admission. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to subscribe for or to buy, any Shares or any other securities of the Company in any jurisdiction. The Shares will not be generally made available or marketed to the public in the United Kingdom or in any other jurisdiction in connection with Admission.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and persons into whose possession this document comes should inform themselves about and observe any such restrictions.

Recipients of this document should not treat the contents of this document as advice relating to legal, taxation, investment, or any other matters. Such persons should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer or disposal of Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or disposal of Shares which they might encounter; and (c) the tax consequences of the purchase, holding, transfer or disposal of Shares. Prospective investors in the Shares must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

Statements made in this document are based on the law and practice currently in force in England and Wales and are subject to changes therein.

The Shares have not been nor will be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States. In addition, the Company has not registered and will not register under the US Investment Company Act. The Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the issue of Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States and the re-offer or resale of any of the Shares in the United States may constitute a violation of US law.

Forward-looking statements

This document contains forward-looking statements including, without limitation, statements containing the words "believes", "estimates", "anticipates", "expects", "intends", "may", "will", or "should" or, in each case, their negative or other variation or similar expressions. Such forward-looking statements involve unknown risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievement of the Company, or industry results, to be materially different from future results, financial condition, performance or achievements expressed or implied by such forward-looking statements.

Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements. These forward-looking statements speak only as at the date of this document. Subject to its legal and regulatory obligations, the Company expressly disclaims any obligation to update or revise any forward-looking statement contained herein to reflect changes in expectations with regard thereto or any change in events, conditions, or circumstances on which any statement is based, unless required to do so by law or any appropriate regulatory authority, including FSMA, the Listing Rules, the Prospectus Rules, the Disclosure Guidance and Transparency Rules and the Market Abuse Regulation.

Nothing in the preceding two paragraphs should be taken as limiting the working capital statement in paragraph 9 of Part 5 of this Prospectus.

Distribution to retail investors

The Company conducts its affairs so that its Shares can be recommended by financial advisers to retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investment products. The Shares are expected to be excluded from the FCA's restrictions which apply to non-mainstream pooled investment products because they are shares in a company that is resident outside the EEA and would qualify for approval as an investment trust by HMRC under sections 1158 and 1159 of the Corporation Tax Act 2010 if resident and listed in the United Kingdom.

The Company intends to conduct its affairs so that its Shares can be recommended by financial advisers to retail investors in accordance with the rules on the distribution of financial instruments under MiFID II. The Directors consider that the requirements of Article 57 of the MiFID II delegated regulation of 25 April 2016 will be met in relation to the Company's Shares and that, accordingly, the Shares should be considered "non-complex" for the purposes of MiFID II.

Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**Directive 2014/65/EU**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing Directive 2014/65/EU; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that the Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in Directive 2014/65/EU; and (ii) eligible for distribution through all distribution channels as are permitted by Directive 2014/65/EU (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Directive 2014/65/EU; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.

EXPECTED TIMETABLE

	2019
Publication of this Prospectus	1 March
Last day of dealings of Ordinary Shares on AIM	7 March
Admission and dealings in Shares commence on the Main Market of the London Stock Exchange and the Official List of TISE	8.00 a.m. on 8 March

Any changes to the expected timetable set out above will be notified by the Company through a Regulatory Information Service.

All references to times in this Prospectus are to London times.

DEALING CODES

The dealing codes for the Shares will be as follows:

ISIN	GG00BJQZ9H10
SEDOL	BJQZ9H1
Ticker	VNH

DIRECTORS, INVESTMENT MANAGER AND ADVISERS

Directors	Sean Hurst *(Chairman)* Hiroshi Funaki Damien Pierron Philip Scales *All of the registered office below.* *All non-executive and independent of the Investment Manager.*
Registered Office	c/o Carey Commercial Limited 1st and 2nd Floors Elizabeth House Les Ruettes Brayes St Peter Port Guernsey GY1 1EW
Investment Manager	Dynam Capital, Ltd. 1st and 2nd Floors Elizabeth House Les Ruettes Brayes St Peter Port Guernsey GY1 1EW
Sponsor, Financial Adviser and Broker	finnCap Ltd. 60 New Broad Street London EC2M 1JJ United Kingdom
Administrator, Company Secretary and TISE Sponsor	Carey Commercial Limited 1st and 2nd Floors Elizabeth House Les Ruettes Brayes St Peter Port Guernsey GY1 1EW
Sub-Administrator, Custodian and Principal Bankers	Standard Chartered Bank, Singapore Branch Standard Chartered @ Changi No 7, Changi Business Park Crescent Level 03 Singapore 486028
Legal Adviser to the Company (as to English law)	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH United Kingdom
Legal Adviser to the Company (as to Guernsey law)	Carey Olsen (Guernsey) LLP Carey House Les Banques St Peter Port Guernsey GY1 4BZ
Legal Adviser to the Sponsor	Gowling WLG (UK) LLP 4 More London Riverside London SE1 2AU United Kingdom

Reporting Accountants	KPMG Channel Islands Limited Glategny Court Glategny Esplanade St Peter Port Guernsey GY1 1WR
Auditors	KPMG Channel Islands Limited Glategny Court Glategny Esplanade St Peter Port Guernsey GY1 1WR
Registrar	Computershare Investor Services (Guernsey) Limited 1st Floor, Tudor House Le Bordage St Peter Port Guernsey GY1 1DB

PART 1

INFORMATION ON THE COMPANY

1 Introduction

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. The Company has an unlimited life with a continuation vote in 2023.

The Shares were admitted to trading on AIM in June 2006. As announced on 8 October 2018, the Board proposed a number of changes to continue to make the Company an attractive investment vehicle, which were approved at an extraordinary general meeting of the Company held on 31 October 2018. As announced, the Company intends to change its trading venue from AIM to a premium listing on the Official List and to trading on the premium segment of the Main Market. The Company also intends to seek admission to listing and trading on the Official List of TISE. This Prospectus is being published in connection with such Admission.

As announced, the Directors believe that Admission will:

- provide a more appropriate platform for the continued growth of the Company and further raise its profile and status as a growth business focused on Vietnam;
- place the Company in a better position to improve liquidity and increase the valuation of its Shares because of the larger number of institutional investors who regularly trade in shares of companies admitted to the Main Market and the higher profile of such companies;
- benefit Shareholders due to the more rigorous corporate governance, regulatory and reporting requirements imposed on Main Market companies; and
- provide a more appropriate market for a company of the size and maturity of the Company, given its growth since it was admitted to trading on AIM in 2006.

As at the Latest Practicable Date, the Company had unaudited net assets of approximately US$149.9 million (representing a NAV per Share of US$2.811).

The Company is managed by Dynam Capital. The Investment Manager is a recently established firm managed by Vu Quang Thinh and Craig Martin. The management team are incentivised through an equity holding in the Investment Manager. Vu Quang Thinh has been the lead portfolio manager of the Company since July 2011. The Investment Manager is regulated by the GFSC.

2 Investment objective and policy

The Company's investment objective and policy are set out below.

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 into 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 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 VNH Board.

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

The Company may invest:

- up to 25 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 Net Asset Value of the Company at the time of the borrowing, unless the Shareholders in general meeting otherwise determine by ordinary resolution.

Investment restrictions and diversification

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

- The Company will not invest more than 10 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 business;
- 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.

Any material change to the investment policy will only be made with the approval of Shareholders by ordinary resolution.

3 Company performance

The performance record of the Company to the Latest Practicable Date in percentage terms has been:

	3 months	1 year	3 years	5 years	10 years	Inception[(1)]
NAV per Share	1%	-16%	25%	42%	296%	46%
Share Price	-5%	-21%	26%	56%	420%	12%
VNAS[(2)]	8%	-13%	70%	54%	204%	84%

Source: Morningstar

(1) *June 2016*

(2) *VNAS started in 2009*

4 Vietnam outlook

Despite the poor performance in emerging markets generally in August, Vietnam was a relatively strong and stable market, and as a result, in a period in which the MSCI EM Index fell 2.9 per cent., the Fund's NAV per share increased 3.0 per cent. The global news continued to be dominated by the prospect of a trade war and threats of further tariffs on China. Vietnam was identified again as a potential beneficiary of such a trade war. The worry remains, however, that if the Chinese Renminbi is devalued by policy measures during a trade war, the VND would see further weakness.

Ten years ago Vietnam showed much more of the classic emerging market crisis symptoms than are evident today: a debt fuelled domestic credit bubble, a misallocation of capital into uneconomic trophy projects and financial speculation. At that time there was also a much weaker banking sector, budget deficits, current-account gaps and inadequate forex reserves. The country still has a fairly narrow industrial structure, and some institutional weaknesses, but is arguably in better shape than many emerging markets. Although Vietnam has outperformed emerging markets in August, the prospects of higher inflation, higher interest rates and VND depreciation may dampen the recent gains.

The Investment Manager believes that the way to navigate the Vietnam opportunity is through a carefully constructed portfolio of mid-cap growth stocks. The risks in the market need to be rewarded by prospects for growth in underlying earnings and re-ratings.

The focus for the Investment Manager, since taking over the portfolio management in mid-July, has been on rebalancing the portfolio, creating some liquidity to fund the ongoing share buyback mandate, and reviewing new potential small and mid-cap opportunities to add to over the next few months.

The Investment Manager believes that the key drivers for Vietnam include:

- healthy economic growth of approximately 7 per cent. per annum, supported by positive demographics, with a population of approximately 100 million and an emerging middle class;
- strong foreign direct investment (FDI) as Vietnam is increasingly recognised as an attractive manufacturing hub reflecting labour costs that are less than half the level in China; and
- improved trading liquidity and a greater range of investment opportunities as a result of a relaxation of Foreign Ownership Limits (FOLs) and the government's privatisation programme.

5 Investment portfolio

As at the Latest Practicable Date, the Company's portfolio comprised 23 investments in Investee Companies. As at the Latest Practicable Date the Company's unaudited Net Assets (which include cash and cash equivalent holdings) were approximately US$149.89 million.

There has been no material change in the Company's investments since the Latest Practicable Date.

As at the Latest Practicable Date, the Company's top 10 investments, representing 70.6 per cent. of Net Assets, were as follows:

Holding	% of NAV
Phu Nhuan Jewelry JSC	10.2
Sai Gon Cargo Service Corp	8.9
FPT Corp	8.7
Khang Dien House	7.3
Hoa Phat Group JSC	7.3
Viet Capital Securities JSC	6.4
MB Bank	6.0
Mobile World Corp	5.9
Thien Long Group	5.0
Van Phu – Invest	4.9

Source: unaudited management accounts.

As at the close of business on the Latest Practicable Date, the Company's portfolio by sector was as follows:

Sector	% of NAV
Retail	21.4
Real estate	20.6
Industrial goods & services	17.7
Banks	9.9
Telecommunications	8.7
Travel & leisure	8.1
Financial services	6.4
Oil & gas	3.8
Personal & household goods	1.2
Food & beverage	0.6
Health care	0.1
Cash	1.5
Total	100.0

Source: unaudited management accounts.

As at the close of business on the Latest Practicable Date, the Company's portfolio by type of security was as follows:

Type of security	% of NAV
Listed equities	98.5
Unlisted equity holdings	0.0
Convertible bonds	0.0
Other debt securities	0.0
Equity-linked derivatives	0.0
Cash and cash-equivalents	1.5
Total	100.0

Source: unaudited management accounts.

As at the close of business on the Latest Practicable Date, the Company's portfolio by geographical location was 100 per cent. exposed to Vietnam.

6 Dividend policy

The Board may from time to time declare any such dividends to Shareholders as appropriate. No dividend may be declared or paid other than from funds lawfully available for distribution including share premium. The Company's income from investments will be applied first to pay the fees and other expenses of the Company. The Company's net income (excluding capital gains), if any, may be distributed to Shareholders, subject to retention of sufficient funds to meet anticipated fees and other expenses and subject to the ability to convert Dong income into foreign currency for purposes of paying such dividends. Any dividends unclaimed after a period of six years after having been declared will be forfeited and revert to the Company. No dividend payable by the Company on or in respect of any Share will bear interest against the Company. To date, no dividends have been distributed by the Company.

7 Discount and premium management

Discount management

The Board has a discretionary Share buyback authority for the purposes of managing the discount to NAV per Share at which the Shares trade. The Board believes that while the Company's Shares trade at a significant discount to NAV per Share, it is in the circumstances a beneficial use of the Company's capital to repurchase Shares.

The Company may purchase Shares in the market at prices which represent a discount to the prevailing NAV per Share so as to enhance the NAV per Share for the remaining holders of Shares. Shares purchased by the Company may be held in treasury or cancelled, although it is the Board's current policy to cancel any such Shares.

Purchases of Shares will be made within guidelines established from time to time by the Board and may be made only in accordance with the Act, the Listing Rules, the Disclosure Guidance and Transparency Rules and the Market Abuse Regulation.

The Directors were granted authority at the Company's annual general meeting held on 31 October 2018 to make market purchases of up to 14.99 per cent. of the Shares in issue at that date, a total of 9,616,701 Shares. From this date to the Latest Practicable Date, the Company has repurchased for cancellation 1,111,582 Shares, excluding the 9,711,664 Shares bought back in the Company's tender offer held in October 2018.

The maximum price that may currently be paid by the Company on the repurchase of any Shares is 105 per cent. of the average of the middle market quotations for the Shares for the five business days immediately preceding the date of repurchase or, if higher, that stipulated by the regulatory technical standards adopted by the EU pursuant to the Market Abuse Regulation. The minimum price will be US$0.01.

This authority will expire at the annual general meeting of the Company to be held in 2019 at which it is expected that a renewal of such authority will be sought.

Shareholders should note that the purchase of Shares by the Company is at the absolute discretion of the Directors and is subject, amongst other things, to the amount of cash available to the Company to fund such purchases. Accordingly, no expectation or reliance should be placed on the Directors exercising such discretion on any one or more occasions.

Premium management

In the event that the Shares trade at a premium to Net Asset Value, the Company may issue new Shares. At the annual general meeting of the Company held on 31 October 2018, Shareholders authorised the Directors to issue Shares representing up to approximately 10 per cent. of the issued share capital of the Company at the date of the notice of that annual general meeting on a non-pre-emptive basis. The Directors will not be obliged to offer such new Shares to Shareholders *pro rata* to their existing holdings. The reason for this is to retain flexibility to issue new Shares to investors. This authority will expire at the annual general meeting of the Company to be held in 2019 at which it is expected that a renewal of such authority will be sought.

Unless authorised by Shareholders, no Shares will be issued at a price less than the prevailing Net Asset Value per Share at the time of the issue unless they are offered *pro rata* to existing Shareholders.

Treasury shares

In accordance with the Companies Law, any Shares repurchased pursuant to the authority referred to above may be held in treasury. These Shares may subsequently be cancelled or sold for cash. This would give the Company the ability to reissue shares quickly and cost effectively and provide the Company with additional flexibility in the management of its capital. The Board's current policy is to cancel any repurchased Shares, however the Company may hold in treasury any Shares that it purchases pursuant to the share buy-back authority granted by Shareholders.

As at the Latest Practicable Date, the Company held no Shares in Treasury.

8 Life of the Company

The Company does not have a fixed life. However, the Board considers it desirable that Shareholders should have the opportunity to review the future of the Company at appropriate intervals.

At the annual general meeting of the Company held in 2018 a resolution was passed to continue the Company as it is presently constituted with a further continuation resolution to be proposed at the annual general meeting of the Company to be held in 2023, which is expected to be in the final calendar quarter of 2023. If that resolution is passed, the Company will continue its operations indefinitely, unless the Board, at the time of the annual general meeting in 2023, considers it appropriate to provide for a further continuation resolution. If the continuation resolution in 2023 is not passed, then the Directors will be required to formulate proposals to be put to Shareholders to either wind up the Company or to implement a reconstruction, amalgamation or other material alteration to the Company or its activities or any other appropriate alternative based on current circumstances as the Board thinks fit.

9 Profile of typical investor

An investment in the Shares is suitable for institutional investors and professionally-advised or financially sophisticated non-advised private investors including retail investors seeking exposure to predominantly listed investments, who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from such an investment (which may equal the whole amount invested). Furthermore, an investment in the Shares should constitute part of a diversified investment portfolio. Investors may wish to consult an independent financial adviser who specialises in advising on the Shares and other securities.

10 Valuation

The unaudited Net Asset Value and NAV per Share is calculated by the Sub-Administrator and is published monthly through a Regulatory Information Service Provider as soon as practicable after the end of the relevant month, and published in due course on the Company's website at www.vietnamholding.com. In addition, the estimated Net Asset Value and NAV per Share is calculated and published on a daily basis by the Investment Manager. The NAV per Share is expressed in both US Dollars and Sterling.

Investments are recorded at fair value. The fair value of the securities is based on their last traded price in the case of equities and quoted mid price in the case of fixed income securities, at the balance sheet date and without any deduction for transaction costs.

If the securities are not listed, the value of the relevant securities is ascertained by the Board in good faith using valuation methods which it considers fair in the circumstances including quotes received from brokers and other third party sources where possible.

The Net Asset Value and the NAV per Share is determined by the Sub-Administrator in accordance with information supplied to it by or on behalf of the Company as at the close of business in the last relevant market to close on each Valuation Day. The NAV per Share is determined by dividing the Net Asset Value by the number of Shares issued and outstanding at the time of calculation and rounding up to three decimal places. The Auditors audit the financial statements and the Net Asset Value on an annual basis.

For the purpose of establishing a US Dollars Net Asset Value at any particular Valuation Date, any assets and liabilities denominated in a currency other than US Dollars will be converted in accordance with the principles expressed in IFRS and on the basis that US Dollars is the functional currency of the Company. The US Dollar NAV per Share is then converted to a Sterling NAV per Share in accordance with the principles expressed in IFRS.

The Net Asset Value is established in accordance with IFRS and, in relation to investments made by the Company, in accordance with the specific provisions of IAS 39. The Company will, where permitted by IAS 39, designate all its debt and equity investments as financial assets at fair value through profit or loss.

Specifically:

(a) Listed securities are valued at their last traded prices at the last official close of the Vietnam Stock Exchanges on the relevant Valuation Day.

(b) Investments in unlisted securities for which an active OTC Market exists are stated at fair value based upon price quotations received from at least two independent brokers.

(c) Other unlisted securities are valued at fair value using a valuation technique determined by the Directors and in accordance with IAS 39.

The liabilities of the Company are deemed to include, among other things, such provisions and allowances for contingencies as the Board may from time to time consider appropriate and in accordance with IFRS.

If no Net Asset Value, bid or ask prices or price quotation are available for an asset held by the Company, the value of the relevant asset shall be determined from time to time in such manner as the Company or the Investment Manager shall determine provided that any asset of the Company which is not listed, quoted or dealt in on any securities exchange or over the counter market shall be valued at the lower of cost and the Company's or the Investment Manager's estimation of the realisable value of such asset. For the purpose of ascertaining quoted, listed, traded or market dealing prices, the Sub-Administrator is entitled to use and rely upon mechanised and/or electronic systems of valuation dissemination with regard to valuation of investments of the Company and the prices provided by any such system are deemed to be the last traded prices for the purpose of paragraph (a) above. The Company and its Directors will have ultimate authority and responsibility to value investments/assets of the Company and to calculate Net Asset Value in accordance with the Articles.

Any suspension in the calculation of the Net Asset Value will be notified through a Regulatory Information Service as soon as practicable after any such suspension occurs. Where possible, all reasonable steps would be taken to bring any period of suspension to an end as soon as possible.

The Company may suspend the calculation of NAV:

1. when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Company, disposal of investments is not reasonably practicable without materially and adversely affecting and prejudicing the interests of Shareholders, or if, in the opinion of the Company, a fair price cannot be calculated for a significant number of the assets of the Company;

2. when any stock exchange or over-the-counter market on which any significant portion of the investments of the Company is listed, quoted, traded or dealt in is closed or trading on any such stock exchange or market is restricted or suspended;

3. in the case of a breakdown of the means of communication normally used for the valuing of any investment or if for any reason the value of any investment may not be determined as rapidly and accurately as required;

4. if, as a result of exchange restrictions or other restrictions affecting the transfer of funds, transactions are rendered impracticable, or if purchases, sales, deposits and withdrawals of investment cannot be effected at the normal rates of exchange; or

5. when, in the opinion of the Board, a significant proportion (which is likely to exceed five per cent.) of the assets of the Company cannot be valued on an equitable basis.

Prospective Shareholders should ensure that they understand the nature of Net Asset Value information. Where, for example, the underlying assets are illiquid or speculative, Net Asset Value should be viewed in the same way as investments in private equity or venture capital strategies. The involvement of third party service provider (such as the Sub-Administrator) in the Net Asset Value calculation process should not be equated with a representation or guarantee as to realisable value. Pricing and valuation techniques are limited and may not have application to all portfolio and investment strategy type.

11 Report and accounts

Annual accounts of the Company are made up to 30 June in each year and it is expected that copies will be sent to each Shareholder within four months of the Company's financial year end. The Company also publishes unaudited half-yearly reports to 31 December with copies expected to be sent to Shareholders within the following three months. The Company's annual accounts and half-yearly reports will also be made available on the Company's website at www.vietnamholding.com. Periodic reporting of information relating to liquidity and leverage is made in the annual report and accounts.

The Company's financial statements are prepared in accordance with IFRS and reported in US Dollars.

12 The Takeover Code

From Admission, the Takeover Code will apply to the Company. This is because its registered office is in Guernsey and the Shares, on Admission, will be admitted to trading on the Main Market.

Given the existence of the buyback powers described in the paragraph 7 above, there are certain considerations that Shareholders should be aware of with regard to the Takeover Code.

Under Rule 9 of the Takeover Code, any person who acquires shares which, taken together with shares already held by him or shares held or acquired by persons acting in concert with him, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares. Similarly, when any person or persons acting in concert already hold more than 30 per cent. but not more than 50 per cent. of the voting rights of such company, a general offer will normally be required if any further shares increasing that person's percentage of voting rights are acquired.

Under Rule 37 of the Takeover Code when a company purchases its own voting shares, a resulting increase in the percentage of voting rights carried by the shareholdings of any person or group of persons acting in concert will be treated as an acquisition for the purposes of Rule 9 of the Takeover Code. A shareholder who is neither a director nor acting in concert with a Director will not normally incur an obligation to make an offer under Rule 9 of the Takeover Code in these circumstances.

However, under note 2 to Rule 37 of the Takeover Code where a shareholder has acquired shares at a time when he had reason to believe that a purchase by the company of its own voting shares would take place, then an obligation to make a mandatory bid under Rule 9 of the Takeover Code may arise.

The Company's buyback powers could have implications under Rule 9 of the Takeover Code for Shareholders with significant shareholdings. Prior to the Board implementing any share buyback, the Board will seek to identify any Shareholders who they are aware may be deemed to be acting in concert under note 1 of Rule 37 of the Takeover Code and will seek an appropriate waiver in accordance with note 2 of Rule 37. However, neither the Company, nor any of the Directors, nor the Investment Manager will incur any liability to any Shareholder(s) if they fail to identify the possibility of a mandatory offer arising or, if having identified such a possibility, they fail to notify the relevant Shareholder(s) or if the relevant Shareholder(s) fail(s) to take appropriate action.

13 Taxation

Potential investors are referred to Part 4 of this Prospectus for details of the taxation treatment of the Company and of Shareholders in the UK. This summary, which is based on current UK law and the current published practice of HMRC, does not constitute tax advice. **Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their own professional advisers immediately.**

14 Risk factors

The Company's business is dependent on many factors and potential investors should read the whole of this Prospectus and in particular the section entitled "*Risk Factors*" on pages 17 to 31.

PART 2

DIRECTORS AND MANAGEMENT

1 Directors

The Directors are responsible for the determination of the Company's investment policy and strategy and have overall responsibility for the Company's activities including the review of investment activity and performance and the control and supervision of the Investment Manager. All of the Directors are non-executive and are independent of the Investment Manager.

The Directors meet at least four times per annum, and the audit committee meets at least twice per annum.

The Directors are as follows:

Sean Hurst (Chairman)

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.

Philip Scales

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 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

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.

Damien Pierron

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 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.

2 Investment Manager

The Company has entered into an Investment Management Agreement with Dynam Capital, under which the Investment Manager is responsible for the management of the Company's assets. The Investment Manager remains subject to the ultimate supervision and control of the Directors at all times. The Investment Manager is the Company's AIFM for the purposes of the AIFMD.

The Investment Manager is a recently established firm managed by Vu Quang Thinh and Craig Martin. The management team are incentivised through an equity holding in the Investment Manager.

Vu Quang Thinh

Mr Vu Quang has been the lead portfolio manager of the Company since July 2011 and was the chief investment officer of Vietnam Holding Asset Management Limited (the Company's investment manager prior to 16 July 2018) until June this year. He is the chief investment officer and managing director of the Investment Manager.

Craig Martin

Mr Martin is the executive chairman of the Investment Manager, and also sits on the investment committee of the Investment Manager. Craig was head of Private Equity at Prudential Vietnam, and most recently co-chief executive officer of CapAsia, an Asia focused private equity manager.

Mr Vu Quang and Mr Martin are supported by a team of ten experienced investment professionals (all Vietnamese nationals) based in Vietnam. The majority of the team have worked with Vu Quang Thinh previously at Vietnam Holding Asset Management Limited.

The members of the investment team are employed by Dynam Consultancy and Services Company Limited, which has been set up by the Investment Manager at its own cost in Vietnam to provide certain market research and related consultancy services in connection with the management of the Company's portfolio. No fee is charged to the Company in respect of this appointment and the Investment Manager has an exclusive agreement with Dynam Consultancy and Services Company Limited to use its services.

The Investment Manager is regulated by the GFSC.

Pursuant to the Investment Management Agreement, the Investment Manager's appointment is terminable on 6 months' notice by either party, such notice not to expire earlier than 24 months from the Investment Manager's appointment on 16 July 2018. Further details of the Investment Management Agreement are contained in "*Fees and expenses*" below and at paragraph 7.2 of Part 5 of this Prospectus.

3 Background to the Board and investment management changes of 2017-2018

Commencing in September 2017, the Company has undergone a number of significant corporate governance and investment management changes. These arose because of Shareholder concerns regarding historic failings in this regard by both the former investment manager, VNHAM, and the former Board.

The key events are as follows:

(i) The Company was formed in 2006 by the former investment manager, VNHAM. At that time the then Board of Directors was appointed on terms that gave them a share of any performance fee that VNHAM received from the Company, as disclosed in the Company's AIM Admission Document of 6 June 2006. Subsequently, in 2015 the former chair of the Company waived her share of the VNHAM performance fee and instead began to receive bonuses directly from the Company.

(ii) In September 2008, Mr Juerg Vontobel, the founder of the former investment manager, VNHAM, was convicted in Switzerland of money laundering offences relating to a senior role he had at a former employer, before both VNHAM and the Company were formed.

(iii) At that time the then Board of the Company wished to retain the portfolio management services of VNHAM and it was agreed that Mr Vontobel would sever his business ties with both VNHAM and the Company, although the Company understands that his family retained its ownership of VNHAM. The conviction and the arrangement with VNHAM and Mr Vontobel was announced to the market at the time.

(iv) However, in the years following this severing of ties, Mr Vontobel gradually became once again involved in the affairs of VNHAM and the Company.

(v) Following a dialogue with several of the larger shareholders in regard to the former board's perceived corporate governance failings, including the permitting of Mr Vontobel's growing role with VNHAM and the Company despite the commitments given in 2008, the former Board stepped down at the 2017 annual general meeting of the Company and was replaced by five new Directors.

(vi) Following their appointment, the new Board commenced a full review of the investment management and corporate governance arrangements, announcing their interim findings in March 2018. In particular the new Board learned that:

(a) the former chairman had received a bonus of US$150,000 in the 2016/17 financial year that had not been disclosed in the annual report for the year to 30 June 2017; and

(b) she had been paid a bonus of US$100,000 the day before she stepped down from the board in September 2017.

(vii) In March 2018, the new board announced that it was investigating whether these payments were recoverable. The new Board also ensured that Mr Vontobel severed his ties with the Company shortly after their appointment in September 2017.

(viii) The Company announced in September 2018 that it had entered into a settlement agreement in respect of these fees, and that the previous Board had agreed to repay US$125,000, an amount in excess of the final bonus paid to the former chairperson at the time of the 2017 annual general meeting.

(ix) Further, in July 2018 VNHAM was replaced as investment manager by Dynam Capital. Dynam Capital has no link to Mr Vontobel. Whilst the majority of the team have worked with Vu Quang Thinh previously at VNHAM, neither VNHAM nor Mr Vontobel has any continuing relationship with the Company including the supply of services and the receipt of fees from either the Company or Dynam Capital.

In summary, in the period since September 2017 the Company has undergone a root and branch review and reform of its corporate governance and investment management arrangements. The Admission of the Company's issued Share capital to the premium segment of the Official List and to trading on the Main Market of the London Stock Exchange is the final stage in that process.

4 Administration of the Company

Carey Commercial Limited has been appointed as Administrator and Company Secretary of the Company pursuant to the Company Administration Agreement. In such capacity, the Administrator is responsible for the day to day administration of the Company (including the calculation and publication of the monthly NAV) and general secretarial functions required by the Companies Law (including the maintenance of the Company's accounting and statutory records). Prospective investors should note that it is not possible for the Administrator to provide any investment advice to investors.

The Administrator is a non-cellular company limited by shares incorporated in Guernsey with registration number 37920 and whose registered office is at 1st and 2nd floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey, GY1 1EW.

The Administrator is registered in Guernsey under Registration Number 37920 and is licensed under The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and The Regulation of Fiduciaries, Administration Business and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000 to provide fund services business.

The Administrator has delegated certain services to Standard Chartered Bank, Singapore Branch (the "**Sub-Administrator**") under the Sub-Administration Agreement.

The services delegated in the Sub-Administration Agreement relate to calculating the NAV of the Company, providing audit support and assisting in the preparation of financial statements on the same.

The Sub-Administrator is therefore responsible for providing certain fund administration services to the Company, such as the calculation and publication of the Net Asset Value and maintenance of the Company's accounting and statutory records under the supervision of the Directors.

5 Fees and expenses

Costs of Admission

The costs and expenses in connection with Admission will be borne by the Company and are not expected to exceed an aggregate of US$900,000.

Ongoing annual expenses

The ongoing annual expenses of the Company include the following:

(i) *Investment Manager*

Under the Investment Management Agreement, the Investment Manager is entitled to receive a monthly management fee for its services which accrues daily based on the prevailing Net Asset Value at the following rates:

(a) on the amount of the Net Asset Value of the Company up to and including US$300 million, one-twelfth of 1.5 per cent.;

(b) on the amount of the Net Asset Value of the Company above US$300 million up to and including US$600 million, one-twelfth of 1.25 per cent.; and

(c) on the amount of the Net Asset Value of the Company that exceeds US$600 million, one-twelfth of 1 per cent.

The Investment Manager may also be entitled to an incentive fee (the "**Incentive Fee**"), calculated on the following basis.

For the purposes of the Incentive Fee calculation:

"**Adjusted NAV per Share**" means the Net Asset Value per Share on the last Valuation Day in each Performance Period, adjusted by adding back (i) any accrual for unpaid Incentive Fee in respect of such Performance Period and (ii) the value of all dividends or other distributions made in respect of a Share since the end of the Performance Period in respect of which an Incentive Fee was last paid (excluding for these purposes the Initial Performance Period);

"**Initial High Water Mark**" means the higher of (i) the Net Asset Value per Share on 30 June 2018 and (ii) the high water mark applicable to the investment management agreement between the Company and VNHAM dated 6 June 2006, as amended from time to time, immediately prior to 26 June 2018, in each case increased by eight per cent. per annum. on a compound basis to the end of the Initial Performance Period;

"**Initial Performance Period**" means the period beginning on 1 July 2018 and ending on 30 June 2019;

"**NAV per Share**" means the Net Asset Value of the Company divided by the number of Shares in issue at the relevant time, excluding for this purpose any Shares held in treasury; and

"**Performance Period**" means (i) the Initial Performance Period, and (ii) each subsequent period corresponding to each accounting period of the Company.

The Administrator shall calculate the amount of A in the following equation in respect of each Performance Period, as soon as possible following the finalisation of the audited accounts in respect of the relevant accounting period:

A = (B – C) x D

Where:

(A) is the relevant amount against which the Incentive Fee will be calculated (the "**Excess Performance Amount**");

(B) is the Adjusted NAV per Share;

(C) is equal to the higher of:

  (i) the Initial High Water Mark, increased by eight per cent. per annum. on a compound basis for all Performance Periods after the Initial Performance Period; and

  (ii) the highest previous value for B in respect of a Performance Period in respect of which any Incentive Fee was paid, increased by eight per cent. per annum on a compound basis; and

(D) is equal to the time weighted average number of Shares in issue (excluding any shares held in treasury) during the relevant Performance Period.

If, on any calculation date contemplated above, the Excess Performance Amount is a positive number then the Company shall pay to the Investment Manager an Incentive Fee of an amount equal to twelve per cent. of the Excess Performance Amount.

The maximum Incentive Fee that can be earned by and paid to the Investment Manager in respect of any accounting period shall be equal to three per cent., of the Net Asset Value of the Company at the end of the relevant accounting period.

Any Incentive Fee earned by the Investment Manager shall be paid by the Company to the Investment Manager in accordance with the following schedule:

- 50 per cent. of the relevant Incentive Fee shall be paid in US dollars in cash, by transfer to the Investment Manager's account from time to time notified to the Company by the Investment Manager for receipt of its fees, within 10 business days after the Board has approved the annual audited financial statements of the Company in respect of the relevant accounting period; and
- 50 per cent. of the relevant Incentive Fee shall be satisfied by the issue to the Investment Manager by the Company of new Shares issued at an issue price equal to the higher of (i) the prevailing NAV per Share and (ii) the closing mid market price per Share, in each case on the last business day of the Performance Period to which the Incentive Fee relates, within 10 business days after the Board has approved the annual audited financial statements of the Company in respect of the relevant accounting period.

In respect of the Shares issued as described above, 50 per cent. of those Shares will be restricted and placed in escrow to be released on the date falling 12 months from the end of the Performance Period to which they relate, and the remaining 50 per cent. will be restricted and placed in escrow to be released on the date falling 24 months from the end of the Performance Period to which they relate.

The Investment Manager is also entitled to the reimbursement of certain expenses.

Further details of the Investment Management Agreement are set out in paragraph 7.2 of Part 5 of this Prospectus.

(ii) *Administrator*

The Administrator is entitled to receive annual fees totalling £80,000 in respect of company secretarial, designated administrator, oversight, risk and compliance services. The Administrator is also entitled to a project fee in relation to Admission of £10,000 and certain event-driven fees. The Administrator is entitled to the reimbursement of certain expenses.

The Administrator has also been appointed as the Company's sponsor for the purpose of the admission of the Shares to the Official List of TISE, for which the Administrator is entitled to receive an annual fee of £2,500 plus certain event-driven fees.

(iii) *Sub-Administrator*

The Sub-Administrator is entitled to receive a fee of 0.07 per cent. of the assets under administration, falling to 0.06 per cent. in respect of assets in excess of US$100 million, per annum, payable monthly in arrears and subject to a minimum monthly fee of US$5,500. The Sub-Administrator is entitled to the reimbursement of certain expenses.

(iv) *Custodian*

Under the Custody Agreement, the Custodian is entitled to receive a fee of 0.08 per cent. of the assets under custody per annum, payable monthly in arrears and subject to a minimum fee of US$12,000 per annum. In addition, the Custodian is entitled to certain event-driven fees. The Custodian is entitled to the reimbursement of certain expenses.

(v) *Registrar*

Under the Registrar Agreement, the Registrar is entitled to a one-off set up fee of £2,000, an ongoing annual fee of £7,500 and extra fees for certain additional services provided to the Company. The Registrar is also entitled to the reimbursement of certain expenses.

(vi) *Directors*

Each of the Directors is entitled to receive a fee from the Company at such rate as may be determined by the Board in accordance with the Articles, subject to a maximum aggregate amount of US$350,000.

Save for the Chairman of the Board and the Chairman of the audit committee, the fee is currently US$50,000 for each Director per annum plus a per diem fee for meetings. The Chairman's current fee is US$60,000 per annum and the fee for the Chairman of the audit committee is currently US$55,000. The Company does not award any other remuneration or benefits to the Directors. The Company has no bonus schemes, pension schemes, share option or long-term incentive schemes in place for the Directors.

All of the Directors are also entitled to be paid all reasonable expenses properly incurred by them in attending general meetings, board or committee meetings or otherwise in connection with the performance of their duties. The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Company.

(vii) *Other operational expenses*

The Company pays all other fees and expenses incurred in the operation of its business including, without limitation, brokerage and other transaction charges, expenses for custodial, registrar, legal, auditing and other professional services, the ongoing costs of maintaining the listing of the Shares, secretarial and administration expenses, any borrowing costs, the cost of Directors' insurance, promotional expenses and the fees and out-of-pocket expenses of the Directors.

6 Potential conflicts of interest

The Investment Manager and its officers and employees may from time to time act for other clients or manage other funds or mandates that may have similar investment objectives and policies to that of the Company. This may result in potential conflicts of interest arising between the Investment Manager and the Company. In particular, circumstances may arise where investment opportunities will be available to the Company which are also suitable for one or more of such clients of the Investment Manager or such other funds or mandates.

Furthermore, the Investment Manager is entitled to receive a performance fee in respect of its services to the Company which is based, in part, on the value of the Company's investments. This creates a potential conflict of interest as the Investment Manager has involvement in the valuation of the Company's investments, albeit this is conducted by the Sub-Administrator in accordance with the Sub-Administration Agreement and is audited annually.

The Directors have satisfied themselves that the Investment Manager has procedures in place to address potential conflicts of interest and that, where a conflict arises, the Investment Manager will seek to resolve that conflict in accordance with the Investment Management Agreement and applicable law and regulation. In particular, the Directors note that the Company is subject to the RCIS Rules relating to managing conflicts of interest, including any conflicts of interest involving the Investment Manager, and the Investment Manager is subject to the Licensees (Conduct of Business) Rules 2016 relating to managing conflicts of interest.

Conflicts of interest may also arise between some or all of the Directors and the Company. However, as at the date of this Prospectus, except as stated in paragraph 5 of Part 5 of this Prospectus, there are no material relationships between the Directors and the Company, nor any potential or actual conflicts of interest between any duties owed to the Company by the Directors and their private interests or other duties.

7 Corporate governance

The Company is subject to the provisions of Chapter 9 of the Listing Rules regarding corporate governance. Chapter 9 of the Listing Rules requires that the Company must "comply or explain" against the UK Corporate Governance Code. In addition, the Disclosure Guidance and Transparency Rules require the Company to: (i) make a corporate governance statement in its annual report and accounts based on the code to which it is subject, or with which it voluntarily complies; and (ii) describe its internal control and risk management systems.

It is the intention of the Company to apply to become a member of the AIC following Admission. The Board has considered the principles and recommendations of the AIC Code by reference to the AIC Guide which addresses all of the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies. By complying with the AIC Code the Company is deemed to comply with the UK Corporate Governance Code.

The Company is also required to comply with the Guernsey Corporate Governance Code. Companies which report against the UK Corporate Governance Code or the AIC Code are deemed to meet the requirements of the Guernsey Corporate Governance Code.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to Shareholders.

The UK Corporate Governance Code includes provisions relating to: the role of the chief executive; executive directors' remuneration; and the need for an internal audit function. For the reasons set out in the AIC Guide, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company and the Company does not therefore comply with them.

It is a principle of the AIC Code that a majority of the Board should be independent of the Investment Manager. There are four Directors on the Board, all of whom are independent of the Investment Manager.

The Company has an audit committee which is chaired by Philip Scales and also comprises the rest of the Board's members. The audit committee meets at least twice a year. The Board considers that the members of the audit committee have the requisite skills and experience to fulfil the responsibilities of the audit committee.

The Company also has a management engagement committee and a remuneration and nomination committee. All directors serve on both committees. The management engagement committee is chaired by Hiroshi Funaki and the remuneration and nomination committee is chaired by Damien Pierron. Both committees will meet at least once a year or more often if required.

PART 3

FINANCIAL AND OTHER INFORMATION

1 Historical financial information

Statutory accounts of the Company for the three financial years ended 30 June 2016, 2017 and 2018, in respect of which the Company's prior auditors, KPMG LLP, have given unqualified opinions that the accounts give a true and fair view of the state of affairs of the Company and of its total return and cash flows for each of the three financial years ended 30 June 2016, 2017 and 2018 and have been properly prepared in accordance with applicable law and IFRS, are reproduced in the Appendix to this Prospectus.

2 Selected financial information

The key figures that summarise the Company's financial condition in respect of the three financial years ended 30 June 2016, 2017 and 2018 (all audited), which have been extracted without material adjustment from the historical financial information referred to in paragraph 1 of this Part 3, are set out in the following table:

Net assets

	As at or for the year ended 30 June (audited) (US$'000)		
	2016	**2017**	**2018**
Assets			
Cash and cash equivalents	5,281	10,324	3,123
Investments in securities at fair value	143,391	208,273	200,017
Accrued dividends	832	156	469
Receivables on sale of investments	3,056	—	102
Other receivables	25	13	—
Total assets	152,586	218,766	203,711
Equity			
Share capital	105,477	141,822	122,020
Retained earnings	41,398	68,713	79,965
Total equity, representing net assets attributable to shareholders	146,876	210,536	201,985
Liabilities			
Payables on purchase of investments	1,125	4,982	403
Other payables	—	—	—
Accrued expenses	4,585	3,248	1,130
Payables on redemption	—	—	193
Total liabilities	5,710	8,230	1,726
Total equity and liabilities	152,586	218,766	203,711

Profit and loss

	As at or for the year ended 30 June (audited) (US$'000)		
	2016	**2017**	**2018**
Dividend income from equity securities	4,248	4,562	3,716
Net gain/(loss) from equity securities	35,428	30,276	13,420
Net foreign exchange gain/(loss)	(44)	(119)	(105)
Interest income from investments in securities	77	90	4
Net investment income	39,708	34,809	17,035
Investment management fees	2,460	2,881	3,846
Incentive fees	4,543	3,133	—
Advisory fees	143	108	60
Administrative and accounting fees	95	111	140
Custodian fees	122	173	195
Directors fees and expenses	376	350	636
Brokerage fees	68	59	166
Audit fees	41	42	48
Publicity and investor relations fees	104	154	133
Insurance costs	16	15	15
Administrative expenses	207	224	102
Risk management expenses	46	216	429
Technical assistance for investee companies	74	28	14
Total operating expenses	8,294	7,494	5,783
Change in net assets attributable to shareholders	31,414	27,315	11,251
Basic and diluted earnings per share (US$)	0.55/0.53	0.49	0.16

3 Operating and financial review

The Company's published annual reports and accounts for the three financial years ended 30 June 2016, 2017 and 2018, which are reproduced in the Appendix to this Prospectus, included, on the pages specified in the table below: descriptions of the Company's financial condition (in both capital and revenue terms); details of the Company's investment activity and portfolio exposure; and changes in its financial condition for each of those years.

	Annual report and accounts for the year ended 30 June (audited)		
Nature of information	**2016 Page No(s)**	**2017 Page No(s)**	**2018 Page No(s)**
Chairman's statement	2-3	2-3	1-2
Investment Manager's report	4	4	3-4
Portfolio analyses	6-11	6-11	5-9

4 Capitalisation and indebtedness

The following table, sourced from the Company's internal accounting records, shows the Company's unaudited indebtedness (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness) as at 31 December 2018 (being the latest practicable date prior to the publication of this Prospectus) and the Company's unaudited capitalisation as at 30 June 2018 (being the last date in respect of which the Company has published financial information).

	31 December 2018 (unaudited) US$'000
Total Current Debt	
Guaranteed	—
Secured	—
Unguaranteed/unsecured	659
Total Non-Current Debt	
Guaranteed	—
Secured	—
Unguaranteed/unsecured	—

	30 June 2018 (audited) US$'000
Shareholder equity	
Share capital	166,645
Share premium	—
Capital redemption reserve	(44,625)
Retained earnings	79,965
Total equity	201,985

Since 30 June 2018, the Company has repurchased for cancellation an aggregate of 12,657,803 Shares, including pursuant to a tender offer that closed on 31 October 2018, which had the effect of reducing the total equity of the Company by approximately US$78.49 million. Save as disclosed in this paragraph, there has been no material change to the capitalisation of the Company since 30 June 2018.

The following table shows the Company's unaudited net indebtedness as at 31 December 2018 (being the latest practicable date prior to the publication of this Prospectus).

		31 December 2018 (unaudited) US$'000
A	Cash	2,840
B	Cash equivalent	—
C	Trading securities	143,194
D	Liquidity (A+B+C)	146,034
E	Current financial receivable	639
F	Current bank debt	—
G	Current portion of non-current debt	—
H	Other current financial debt	659
I	Current financial debt (F+G+H)	659
J	Net current financial indebtedness (I-E-D)	(146,014)
K	Non-current bank loans	—
L	Bonds issued	—
M	Other non-current loans	—
N	Non-current financial indebtedness (K+L+M)	—
O	Net financial indebtedness (J+N)	(146,014)

5 Significant change

Since 30 June 2018, the Company has repurchased for cancellation an aggregate of 12,657,803 Shares, reducing Net Assets by approximately US$33.7 million. In addition, during this period the Net Assets of the Company have reduced by approximately US$19.2 million due to movements in the market value of the Company's investments.

Other than as disclosed above, there has been no significant change in the financial or trading position of the Company since 30 June 2018, being the last date to which the Company has published audited financial information.

6 Related party transactions

Save as disclosed in note 8 on page 34 of the Company's annual report and accounts for the period ended 30 June 2016, note 8 on page 38 of the Company's annual report and accounts for the period ended 30 June 2017 and in note 8 on page 33 of the Company's annual report and accounts for the period ended 30 June 2018, which are reproduced in the Appendix to this Prospectus, and for the Company's entry into the amended and restated Investment Management Agreement summarised at paragraph 7.2 of Part 5 of this Prospectus, there have been no related party transactions entered into by the Company at any time during the period covered by the historical financial information incorporated into this Prospectus and up to the date of this Prospectus.

PART 4

TAXATION

A. United Kingdom Taxation

The comments below are of a general and non-exhaustive nature based on current UK tax law and the published practice of HMRC as at the date of this Prospectus and does not constitute legal or tax advice. The comments relate only to the position of Shareholders who are resident (and, in the case of individuals, domiciled) in the United Kingdom for tax purposes, who hold their Shares as an investment (and otherwise than through an ISA) and who are the absolute beneficial owners of their Shares and any dividends paid on their Shares. The comments below may not apply to certain classes of persons, such as dealers, collective investment schemes, insurance companies, persons who obtained their Shares in connection with any office or employment, persons who (alone or together with persons connected or associated with them) own 25 per cent. or more of the Shares (or any class of Shares) in the Company and persons making or holding their investment with the purpose of obtaining a UK tax advantage. Such persons may be subject to special rules.

Investors should note that tax law and interpretation can change (possibly with retrospective effect) and that, in particular, the levels, basis of and reliefs from taxation may change.

If you are in any doubt about your tax position, or if you may be subject to tax in a jurisdiction other than the United Kingdom, you should consult your professional adviser.

1 The Company

The Directors intend to continue to conduct the affairs of the Company so that it does not become resident in the United Kingdom for UK tax purposes. Accordingly, and provided that the Company does not carry on a trade in the United Kingdom (whether or not through a branch, agency or permanent establishment situated there), the Company will not generally be subject to UK income tax or corporation tax other than on certain types of UK source income.

The Directors do not consider the Company to be an "offshore fund" for UK tax purposes with respect to the Shares. However, should the Company or any class of shares issued by the Company be regarded as being subject to the offshore fund rules, this may have adverse tax consequences for UK resident Shareholders (including that disposals of shares would be taxed as income and not capital).

2 Shareholders

(i) Dividends – general

The Company will not be required to withhold UK tax at source when paying a dividend.

(ii) Dividends – individuals

Each individual who is resident in the UK for tax purposes is entitled to an annual tax free dividend allowance of £2,000 (tax year 2018/2019).

Dividends received in excess of this threshold will be taxed, for the fiscal year 2018/19 at:

- 7.5 per cent. on dividend income within the basic rate band;
- 32.5 per cent. on dividend income within the higher rate band; and
- 38.1 per cent. on dividend income within the additional rate band.

(iii) Dividends – companies

For Shareholders within the charge to UK corporation tax which are not "small companies" for the purposes of UK taxation of distributions, dividends paid on the Shares should generally fall within an exemption from corporation tax. Shareholders should note, however, that the exemptions from corporation tax on dividends are not comprehensive and are subject to anti-avoidance rules.

Shareholders within the charge to UK corporation tax which are "small companies" for the purposes of United Kingdom taxation of distributions will be subject to UK corporation tax on any dividends paid by the Company on the Shares.

(iv) Disposals – taxation of chargeable gains

A disposal of Ordinary Shares by an Ordinary Shareholder who is resident in the UK for tax purposes may, depending on the Shareholder's circumstances, and subject to any available exemption, allowance or relief, give rise to a chargeable gain (or allowable loss) for the purposes of UK taxation of chargeable gains.

UK resident individuals are, for each tax year, entitled to an exemption from capital gains tax for a specified amount of gains realised in that tax year. The current annual exempt amount (for the tax year 2018/19) is £11,700.

For Shareholders within the charge to corporation tax, indexation allowance may reduce the amount of any chargeable gain arising on a disposal of Ordinary Shares (but cannot give rise to or increase the amount of an allowable loss). However, indexation allowance was frozen at 31 December 2017 such that any indexation allowance would be calculated only to 31 December 2017 and will not apply to disposals of Shares acquired after that date.

3 Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

The following comments are intended as a guide to the general UK stamp duty and stamp duty reserve tax position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services, to whom special rules apply.

No UK stamp duty or SDRT will be payable on the issue of Shares.

Provided that the Shares are not registered in any register kept by or on behalf of the Company in the United Kingdom, an agreement to transfer Shares should not be subject to SDRT.

An instrument transferring Shares which is executed in the UK or relates to any matter or thing done or to be done in the UK may in principle be subject to UK stamp duty at the rate of 0.5 per cent. of the value of the consideration, rounded up where necessary to the nearest £5. However, in practice, it should generally not be necessary to pay stamp duty on such an instrument unless the instrument is required to be adduced in evidence before the United Kingdom courts in civil proceedings or for any official purpose in the United Kingdom.

4 ISAs

Shares acquired in the secondary market should be eligible for inclusion in an ISA, subject to applicable subscription limits.

B. Guernsey taxation

These comments are intended only as a general guide to certain aspects of current Guernsey law and the published practice of the Director of Income Tax in Guernsey and do not constitute tax advice. They are of a general nature and apply only to Shareholders who, for tax purposes, are resident in Guernsey (except where indicated) and who hold their Shares beneficially as an investment. They do not address the position of certain classes of Shareholders such as dealers in securities, persons who are exempt from taxation or persons who acquired their shares by virtue of any office or employment. ***Shareholders who are subject to tax in a jurisdiction other than Guernsey or who are in any doubt as to the tax consequences of the Proposals should consult their own independent professional adviser.***

1 The Company

The Company will be applying for and is expected to be granted an exemption from liability to income tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989, as amended. Exemption must be applied for annually and will be granted, subject to the payment of an annual fee, which is currently fixed at £1,200, provided that the Company qualifies under the applicable legislation for exemption. It is the intention of the Directors to conduct the affairs of the Company so as to ensure that it will continue to qualify for exempt company status for the purposes of Guernsey taxation.

As an exempt company, the Company will be treated as if it were not resident in Guernsey for the purposes of liability to Guernsey income tax. The exemption from income tax and the treatment of the Company as if it were not resident in Guernsey for the purposes of Guernsey income tax would be effective from the date the exemption is granted and will apply for the year of charge in which the exemption is granted.

Under current law and practice in Guernsey, the Company will only be liable to tax in Guernsey in respect of income arising or accruing from a Guernsey source, other than from a relevant bank deposit. It is not anticipated that such Guernsey source taxable income will arise in this case.

Distributions made by exempt companies to non-Guernsey residents will be free of Guernsey withholding tax and reporting requirements. Where a tax exempt company makes a distribution to shareholders that are Guernsey tax resident individuals the company will only need to report the relevant details of those distributions.

In the absence of tax exempt status, the Company would be Guernsey tax resident and taxable at the Guernsey standard rate of company income tax, which is currently zero per cent.

Guernsey currently does not levy taxes upon capital, inheritances, capital gains, gifts, sales or turnover. No stamp duty is chargeable in Guernsey on the issue, transfer or redemption of Shares.

2 Shareholders

Distributions by the Company to Shareholders who are not resident in Guernsey (which includes Alderney and Herm) for tax purposes (and do not have a permanent establishment in Guernsey) can be paid to such Shareholders, either directly or indirectly, without the withholding of Guernsey tax and without giving rise to any other liability to Guernsey income tax.

Shareholders who are resident for tax purposes in Guernsey (which includes Alderney and Herm), or who are not so resident but have a permanent establishment in Guernsey to which the holding of their Shares is related, will incur Guernsey income tax at the applicable rate on a distribution paid to them by the Company. So long as the Company has been granted tax exemption the Company will not be required to withhold any tax from distributions paid to such Shareholders and will only be required to provide the Director of Income Tax such particulars relating to any distribution paid to Guernsey resident Shareholders as the Director of Income Tax may require, including the names and addresses of the Guernsey resident Shareholders, the gross amount of any distribution paid and the date of the payment.

As already referred to above, Guernsey currently does not levy taxes upon capital inheritances, capital gains, gifts, sales or turnover, nor are there any estate duties (save for registration fees and *ad valorem* duty for a Guernsey Grant of Representation where the deceased dies leaving assets in Guernsey which require presentation of such a Grant).

No stamp duty is chargeable in Guernsey on the issue, transfer or redemption of Shares.

3 FATCA – the US-Guernsey IGA

Under FATCA and legislation enacted in Guernsey to implement the US-Guernsey IGA, certain disclosure requirements will be imposed in respect of certain Shareholders who are, or are entities that are controlled by one or more natural persons who are, residents or citizens of the United States, unless a relevant exemption applies. Certain due diligence obligations will also be imposed. Where applicable, information that will need to be disclosed will include certain information about Shareholders, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Company. The Company will be required to report this information each year in the prescribed format and manner as per local guidance.

Under the terms of the US-Guernsey IGA, Guernsey resident financial institutions that comply with the due diligence and reporting requirements of Guernsey's domestic legislation will be treated as compliant with FATCA and, as a result, should not be subject to FATCA withholding on payments they receive and should not be required to withhold under FATCA on payments they make. If the Company does not comply with these obligations, it may be subject to a FATCA deduction on certain payments to it of US source income (including interest and dividends) and (from 1 January 2019) proceeds from the sale of property that could give rise to US source income and (from the later of 1 January 2019 or the date of publication of certain final regulations) a portion of non-US source payments from certain non-US financial institutions to the extent attributable to US source payments. The US-Guernsey IGA is implemented through Guernsey's domestic legislation in accordance with local guidance that is published in draft form.

Under the US-Guernsey IGA, securities that are "regularly traded" on an established securities market, such as the Main Market, are not considered financial accounts and are not subject to reporting. For these purposes, Shares will be considered "regularly traded" if there is a meaningful volume of trading with respect to the Shares on an ongoing basis. Notwithstanding the foregoing, a Share will not be considered "regularly traded" and will be considered a financial account if the Shareholder is not a financial institution acting as an intermediary. Such Shareholders will be required to provide information to the Company to allow it to satisfy its obligations under FATCA, although it is expected that whilst a Share is held in uncertificated form through CREST, the holder of that Share will likely be a financial institution acting as an intermediary. Shareholders that own Shares through a financial intermediary may be required to provide information to such financial intermediary in order to allow the financial intermediary to satisfy its obligations under FATCA.

4 CRS

Under the CRS and legislation enacted in Guernsey to implement the CRS, certain disclosure requirements will be imposed in respect of certain Shareholders who are, or are entities that are controlled by one or more natural persons who are, residents of any of the jurisdictions that have also adopted the CRS, unless a relevant exemption applies. Certain due diligence obligations will also be imposed. Where applicable, information that would need to be disclosed will include certain information about Shareholders, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Company. The Company will be required to report this information each year in the prescribed format and manner as per local guidance. The CRS is implemented through Guernsey's domestic legislation in accordance with published local guidance which is supplemented by guidance issued by the OECD.

Under the CRS, there is currently no reporting exemption for securities that are "regularly traded" on an established securities market, although it is expected that whilst a Share is held in uncertificated form through CREST, the holder of that Share will likely be a financial institution acting as an intermediary. Shareholders that own Shares through a financial intermediary may be required to provide information to such financial intermediary in order to allow the financial intermediary to satisfy its obligations under the CRS.

All prospective investors should consult with their own tax advisers regarding the possible implications of FATCA, the CRS and any other similar legislation and/or regulations on their investment in the Company.

If the Company fails to comply with any due diligence and/or reporting requirements under Guernsey legislation implementing the US-Guernsey IGA and/or the CRS then the Company could be subject to (in the case of the US-Guernsey IGA) US withholding tax on certain US source payments, and (in all cases) the imposition of financial penalties introduced pursuant to the relevant implementing regulations in Guernsey. Whilst the Company will seek to satisfy its obligations under the US-Guernsey IGA and the CRS and associated implementing legislation in Guernsey to avoid the imposition of any financial penalties under Guernsey law, the ability of the Company to satisfy such obligations will depend on receiving relevant information and/or documentation about each Shareholder and the direct and indirect beneficial owners of the Shareholders (if any). There can be no assurance that the Company will be able to satisfy such obligations.

5 Request for information

The Company reserves the right to request from any Shareholder or potential investor such information as the Company deems necessary to comply with FATCA and the CRS, or any obligation arising under the implementation of any applicable intergovernmental agreement, including the US-Guernsey IGA, relating to FATCA, the CRS or the automatic exchange of information with any relevant competent authority.

PART 5

ADDITIONAL INFORMATION

1 The Company and the Investment Manager

1.1 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. The Company is domiciled in Guernsey and currently has no employees.

1.2 The principal activity of the Company is to invest in predominantly listed investments in accordance with the Company's investment policy with a view to achieving its investment objective.

1.3 As at the date of this Prospectus, the Company does not have any subsidiaries.

1.4 The Company operates under the Companies Law and is registered in Guernsey as a registered closed-ended collective investment scheme pursuant to the POI Law and the RCIS Rules issued by the GFSC. The Company is not regulated as a collective investment scheme by the FCA. Its registered office and principal place of business is at c/o Carey Commercial Limited, 1st and 2nd Floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey GY1 1EW. The Company's telephone number is +44 (0)1481 700300.

1.5 The Shares were admitted to trading on AIM in June 2006. On Admission, the Shares will be admitted (i) to the premium segment of the Official List of the UK Listing Authority and to trading on the premium segment of the London Stock Exchange's main market, and (ii) to listing and trading on the Official List of TISE. Upon Admission, the admission of the Shares to trading on AIM will be cancelled. From Admission, the Company will therefore subject to the Listing Rules, the Prospectus Rules, the Market Abuse Regulation, the Disclosure Guidance and Transparency Rules, the rules of the London Stock Exchange, the listing rules of TISEA, and to the Takeover Code.

1.6 The Investment Manager was incorporated in the Cayman Islands on 22 May 2018 as an exempted company with limited liability with registered number 337406. On 13 November 2018, the Investment Manager, via a process of cross-border continuance, transferred its legal domicile from the Cayman Islands to Guernsey and was registered as a non-cellular company limited by shares incorporated in Guernsey with registered number 65717. The Investment Manager is regulated by the GFSC. The address of the registered office of the Investment Manager is 1st and 2nd Floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey GY1 1EW and its telephone number is +84 28 38277 590.

2 Share capital

2.1 The issued share capital of the Company as at 1 July 2015 was 59,416,239 Shares (excluding 7,819,500 Shares held in treasury).

2.2 During the year ended 30 June 2016 the Company issued upon the exercise of warrants 35,927 Shares at a price of US$1.998 per Share, repurchased into treasury 4,597,219 Shares at an average price of US$1.855 per Share and cancelled 1,929,046 Shares from treasury.

2.3 The issued share capital of the Company as at 30 June 2016 was 54,854,947 Shares (excluding 10,487,673 Shares held in treasury).

2.4 During the year ended 30 June 2017 the Company issued upon the exercise of warrants 19,941,819 Shares at a price of US$1.998 per Share, repurchased into treasury 2,126,783 Shares at an average price of US$2.193 per Share, cancelled 2,555,000 Shares held in treasury and issued 631,684 Shares out of treasury.

2.5 The issued share capital of the Company as at 30 June 2017 was 73,301,667 Shares (excluding 9,427,772 Shares held in treasury).

2.6 During the year ended 30 June 2018 the Company repurchased for cancellation 6,592,673 Shares at an average price of US$2.713 per Share, repurchased into treasury 809,220 at an average price of $2.404, cancelled a further 10,148,093 Shares held in treasury and issued 88,899 Shares out of treasury.

2.7 The issued share capital of the Company as at 30 June 2018 was 65,988,673 Shares (with no Shares held in treasury).

2.8 Since 1 July 2018 the Company has repurchased for cancellation an aggregate of 12,657,803 Shares at an average price of US$2.663 per Share. This included the 9,711,664 Shares repurchased and cancelled as part of the Tender Offer.

2.9 As at the date of this Prospectus, the issued share capital of the Company is 53,330,870 Shares (with no Shares held in treasury) (all of which are fully paid up).

2.10 Save as disclosed in this paragraph 2, no share or loan capital of the Company has been issued or agreed to be issued, or is now proposed to be issued for cash or any other consideration and no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such capital and no share or loan capital of the Company is under option or agreed, conditionally or unconditionally, to be put under option.

2.11 The Shares are in registered form. The ISIN of the Shares is GG00BJQZ9H10.

3 Memorandum and articles of incorporation

The memorandum and articles of incorporation of the Company contain provisions, among others, to the following effect:

3.1 *Objects*

The Company's objects are unrestricted and it shall therefore have the full power and authority to carry out any object not prohibited by the Companies Law or any other applicable laws.

3.2 *Dividends and other distributions*

3.2.1 The Directors may from time to time authorise dividends and distributions to be paid to Shareholders in accordance with the requirements set out in the Companies Law and subject to any Shareholder's rights attaching to their shares.

3.2.2 Subject to the rights of any Shares which may be issued with special rights or privileges, the Shares carry the right to receive all income of the Company attributable to the Shares, and to participate in any distribution of such income made by the Company, such income shall be divided *pari passu* among the holders of Shares in proportion to the number of Shares held by them.

3.2.3 All unclaimed dividends and distributions may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. All dividends unclaimed on the earlier of:

(a) a period of six years after the date when it first became due for payment; and

(b) the date on which the Company is wound-up, shall be forfeited and shall revert to the Company without the necessity for any declaration or other action on the part of the Company.

3.3 *Voting*

3.3.1 Subject to any special rights, restrictions or prohibitions as regards voting for the time being attached to any Shares, holders of Shares shall have the right to receive notice of and to attend and vote at general meetings of the Company.

3.3.2 Each Shareholder being present in person or by proxy or by a duly authorised representative (if a corporation) at a meeting shall upon a show of hands have one vote and upon a poll each such holder present in person or by proxy or by a duly authorised representative (if a corporation) shall have one vote in respect of each Share held by him.

3.3.3 Notwithstanding any other provisions of the Articles, where required by the Listing Rules, a vote must be decided by resolution of the holders of the Company's shares that have been admitted to a premium listing. In addition, where the Listing Rules require that a particular resolution must in addition be approved by the independent shareholders (as such term is defined in the Listing Rules) only independent shareholders who hold the Company's shares that have been admitted to a premium listing can vote on such separate resolution.

3.4 *Capital*

As to a winding-up of the Company or other return of capital (other than by way of a repurchase or redemption of Shares in accordance with the provisions of the Articles and the Companies Law), the surplus assets of the Company attributable to the Shares remaining after payment of all creditors shall, subject to the rights of any Shares that may be issued with special rights or privileges, be divided amongst the holders of Shares *pari passu* among the holders of Shares in proportion to the number of Shares held by them.

3.5 *Pre-emption rights*

There are no provisions of Guernsey law which confer rights of pre-emption in respect of the allotment of the Shares. However, the Articles provide that the Company is not permitted to allot (for cash) equity securities (being Shares or rights to subscribe for, or convert securities into, Shares) or sell (for cash) any Shares held in treasury, unless it shall first have offered to allot to each existing holder of Shares on the same or more favourable terms a proportion of those Shares the aggregate value of which (at the proposed issue price) is as nearly as practicable equal to the proportion of the Shares held by such Shareholder. These pre-emption rights may be excluded and disapplied or modified by extraordinary resolution of the Shareholders. Further, the pre-emption rights shall not apply to a particular allotment and issue of equity securities if these are, or are to be, wholly or partly paid otherwise than in cash or the allotment of bonus shares.

3.6 *Variation of rights*

3.6.1 Whenever the capital of the Company is divided into different classes of shares, the rights attached to any class of shares may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated:

(a) with the consent in writing of the holders of more than 75 per cent. in value of the issued shares of that class (excluding any shares held as treasury shares); or

(b) with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class.

3.6.2 The necessary quorum at any separate class meeting shall be two persons present holding or representing by proxy at least one-third of the voting rights of the issued shares of that class (excluding any shares held as treasury shares) (provided that if any such meeting is adjourned for lack of a quorum, the quorum at the reconvened meeting shall be one person present holding shares of that class or his proxy) provided always that where the class has only one member, that member shall constitute the necessary quorum and any holder of shares of the class in question may demand a poll.

3.6.3 The rights conferred upon the holders of any shares or class of shares issued with preferred, deferred or other rights shall (unless otherwise expressly provided by the conditions of issue of such shares) be deemed not to be varied by:

(a) the creation or issue of further shares ranking *pari passu* therewith; or

(b) the purchase or redemption by the Company of any of its shares (or the holding of such shares as treasury shares).

3.6.4 A listed class of shares may not be converted into a different class without the approval of a majority of the holders of that class of shares, except where such conversion is for the consolidation of classes and is provided for and explained fully in the relevant listing document.

3.7 *Disclosure of interests in Shares*

3.7.1 The Directors shall have power by notice in writing (a "**Disclosure Notice**") to require a Shareholder to disclose to the Company the identity of any person other than the Shareholder (an interested party) who has any interest (whether direct or indirect) in the Shares held by the Shareholder and the nature of such interest or has been so interested at any time during the three years immediately preceding the date on which the Disclosure Notice is issued. Any such Disclosure Notice shall require any information in response to such Disclosure Notice to be given in writing to the Company within 28 days of the date of service (or 14 days if the Shares concerned represent 0.25 per cent. or more of the number of Shares in issue of the class of Shares concerned).

3.7.2 If any member is in default in supplying to the Company the information required by the Company within the prescribed period (which is 28 days after service of the notice or 14 days if the Shares concerned represent 0.25 per cent. or more in number of the issued Shares of the relevant class), or such other reasonable period as the Directors may determine, the Directors in their absolute discretion may serve a direction notice on the member (a "**Direction Notice**"). The Direction Notice may direct that in respect of the Ordinary Shares in respect of which the default has occurred (the "**Default Shares**") and any other Ordinary Shares held by the member shall not be entitled to vote in general meetings or class meetings. Where the Default Shares represent at least 0.25 per cent. in number of the class of Shares concerned, the Direction Notice may additionally direct that dividends on such Default Shares will be retained by the Company (without interest) and that no transfer of the Default Shares (other than a transfer authorised under the Articles) shall be registered until the default is rectified.

3.7.3 The Directors may be required to exercise their power to require disclosure of interested parties on a requisition of Shareholders holding not less than 1/10th of the total voting rights attaching to the Shares in issue at the relevant time.

3.7.4 In addition to the rights referred to above, the Board may serve notice on any Shareholder requiring that Shareholder to promptly provide the Company with any information, representations, certificates or forms relating to such Shareholder (or its direct or indirect owners or account holders) that the Board determines from time to time are necessary or appropriate for the Company to:

(a) satisfy any account or payee identification, documentation or other diligence requirements and any reporting requirements imposed under any AEOI Rules;

(b) avoid or reduce any tax otherwise imposed by any AEOI Rules (including any withholding upon any payments to such Shareholder by the Company);

(c) prevent a non-exempt prohibited transaction under ERISA or Section 4975 of the US Tax Code or prevent the Company from becoming subject to laws or regulations that are substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the US Tax Code; or

(d) determine whether or not the Shareholder is a Non-Qualified Holder.

3.7.5 If any Shareholder (a "**Defaulting Shareholder**") is in default of supplying to the Company the information referred to above within the prescribed period (which shall not be less than 28 days after the service of the notice), the Defaulting Shareholder shall be deemed to be a Non-Qualified Holder.

3.7.6 For the purposes of this paragraph 3.7 and, where applicable, paragraph 3.9 below:

"**AEOI Rules**" means (i) sections 1471 to 1474 of the US Internal Revenue Code 1986, the Treasury Regulations thereunder, and official interpretations thereof; (ii) any legislation, regulations or guidance enacted in or adopted by any jurisdiction that seeks to implement legislation described in (i) above or a similar tax reporting or withholding tax regime, including without limitation and legislation, regulations or guidance relating to the Organisation for Economic Co-operation and Development's "Common Reporting Standard"; (iii) any intergovernmental agreement, treaty or other agreement entered into in order to comply with, facilitate, supplement or implement any legislation, regulations or guidance described in subparagraph (i) or (ii) above; and (iv) any legislation, regulations or guidance that gives effect to any matter described in sub-paragraphs (i) to (iii) above; and

"**ERISA**" means the United States Employee Retirement Income Security Act of 1974, as amended;

"**Non-Qualified Holder**" means any person whose ownership of Shares may (i) cause the Company's assets to be deemed "plan assets" for the purposes of the Plan Asset Regulations or the US Tax Code; (ii) cause the Company to be required to register as an "investment company" under the US Investment Company Act (including because the holder of the shares is not a "qualified purchaser" as defined in the US Investment Company Act) or to lose an exemption or status thereunder to which it might otherwise be entitled; (iii) cause the Company to register under the US Exchange Act, the United States Securities Act of 1933, as amended, or any similar legislation; (iv) cause the Company not to be considered a "foreign private issuer" as such term is defined in rule 36-4(c) under the US Exchange Act; (v) cause the Company to be a "controlled foreign corporation" for the purposes of the US Tax Code; (vi) cause the Company to suffer excise tax, penalties or liabilities under ERISA or the US Tax Code; or (vii) result in any Shares being owned, directly or indirectly, by any person who is deemed to be a Non-Qualified Holder in accordance with the Articles;

"**Plan Asset Regulations**" means the regulations promulgated by the US Department of Labor at 29 CFR 2510.3-101, as modified by section 3(42) of ERISA;

"**US Tax Code**" means the United States Internal Revenue Code of 1986, as amended, and including, to the extent applicable, the United States Treasury Regulations promulgated thereunder and any other administrative or judicial tax law of the United States;

"**US Exchange Act**" means the United States Securities Exchange Act of 1934, as amended; and

"**US Investment Company Act**" means the United States Investment Company Act of 1940, as amended.

3.8 ***Transfer of Shares***

3.8.1 Subject to the Articles (and the restrictions on transfer contained therein), a Shareholder may transfer all or any of his Shares in any manner which is permitted by the Companies Law or in any other manner which is from time to time approved by the Board.

3.8.2 A transfer of a certificated Share shall be in the usual common form or in any other form approved by the Board. An instrument of transfer of a certificated Share shall be signed by or on behalf of the transferor and, unless the Share is fully paid, by or on behalf of the transferee.

3.8.3 The Articles provide that the Board has power to implement such arrangements as it may, in its absolute discretion, think fit in order for any class of Shares to be admitted to settlement by means of an uncertificated system. If the Board implements any such arrangements, any provision of the Articles will not apply or have effect to the extent that it is in any respect inconsistent with:

(a) the holding of shares of the relevant class in uncertificated form;

(b) the transfer of title to shares of the relevant class by means of the relevant uncertificated system; or

(c) the Uncertificated Securities (Guernsey) Regulations 2009 (as amended from time to time) ("**Regulations**") or the rules applicable to the relevant uncertificated system ("**Rules**").

(d) Where any class of Shares is, for the time being, admitted to settlement by means of an uncertificated system such securities may be issued in uncertificated form in accordance with and subject to the Regulations and the Rules. Unless the Board otherwise determines, shares held by the same holder or joint holders in certificated form and uncertificated form will be treated as separate holdings. Shares may be changed from uncertificated to certificated form, and from certificated to uncertificated form, in accordance with and subject to the Regulations and the Rules. Title to such of the shares as are recorded on the register as being held in uncertificated form may be transferred only by means of the relevant uncertificated system.

(e) The Board may, in its absolute discretion and without giving a reason, refuse to register a transfer of any share in certificated form or uncertificated form subject to the Articles which is not fully paid or on which the Company has a lien provided that this would not prevent dealings in the shares from taking place on an open and proper basis on the London Stock Exchange.

(f) In addition, the Board may decline to transfer, convert or register a transfer of any share in certificated form or (to the extent permitted by the Regulations or the Rules) uncertificated form: (a) if it is in respect of more than one class of shares; (b) if it is in favour of more than four joint transferees; (c) if applicable, if it is delivered for registration to the registered office of the Company or such other place as the Board may decide, not accompanied by the certificate for the shares to which it relates and such other evidence of title as the Board may reasonably require; or (d) the transfer is in favour of any Non-Qualified Holder.

(g) If any shares are owned directly, indirectly or beneficially by a person believed by the Board to be a Non-Qualified Holder, the Board may give notice to such person requiring him either:

(i) to provide the Board within 30 days of receipt of such notice with sufficient satisfactory documentary evidence to satisfy the Board that such person is not a Non-Qualified Holder; or

(ii) to sell or transfer his Shares to a person who is not a Non-Qualified Holder within 30 days and within such 30 days to provide the Board with satisfactory evidence of such sale or transfer and pending such sale or transfer, the Board may suspend the exercise of any voting or consent rights and rights to receive notice of or attend any meeting of the Company and any rights to receive dividends or other distributions with respect to such shares. Where condition (A) or (B) is not satisfied within 30 days after the serving of the notice, the person will be deemed, upon the expiration of such 30 days, to have forfeited his shares. If the Board in its absolute discretion so determines, the Company may dispose of the shares at the best price reasonably obtainable and pay the net proceeds of such disposal to the former holder.

3.9 *General meetings*

3.9.1 The first general meeting (being an annual general meeting) of the Company shall be held within such time as may be required by the Companies Law and thereafter general meetings (which are annual general meetings) shall be held at least once in each calendar year and in any event, no more than 15 months since the last annual general meeting. All general meetings (other than annual general meetings) shall be called extraordinary general meetings. Extraordinary general meetings and annual general meetings shall be held in Guernsey or such other place as may be determined by the Board from time to time.

3.9.2 The notice must specify the date, time and place of any general meeting and the text of any proposed special and ordinary resolution. Any general meeting shall be called by at least 14 clear days' notice. A general meeting may be deemed to have been duly called by shorter notice if it is so agreed by all the members entitled to attend and vote thereat. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive such notice shall not invalidate the proceedings at the meeting.

3.9.3 The Shareholders may require the Board to call an extraordinary general meeting in accordance with the Companies Law.

3.9.4 The quorum for general meetings shall be two Shareholders present in person or present by attorney or by proxy or, in the case of a corporate Shareholder, by duly authorised corporate representative.

3.10 ***Restrictions on voting***

Unless the Board otherwise decides, no member shall be entitled to vote at any general meeting or at any separate meeting of the holders of any class of shares in the Company, either in person or by proxy, in respect of any share held by him unless all calls and other sums presently payable by him in respect of that share have been paid. No member of the Company shall, if the Directors so determine, be entitled in respect of any share held by him to attend or vote (either personally or by representative or by proxy) at any general meeting or separate class meeting of the Company or to exercise any other right conferred by membership in relation to any such meeting if he or any other person appearing to be interested in such shares has failed to comply with a Disclosure Notice (see paragraph 2.7 above) within 14 days, in a case where the shares in question represent at least 0.25 per cent. of their class, or within 28 days, in any other case, from the date of such Disclosure Notice. These restrictions will continue until the information required by the notice is supplied to the Company or until the shares in question are transferred or sold in circumstances specified for this purpose in the Articles.

3.11 ***Appointment, retirement and disqualification of Directors***

3.11.1 Unless otherwise determined by the Shareholders by ordinary resolution, the number of Directors shall not be less than two and there shall be no maximum number.

3.11.2 A Director need not be a Shareholder. A Director who is not a Shareholder shall nevertheless be entitled to attend and speak at Shareholders' meetings.

3.11.3 Subject to the Articles, Directors may be appointed by the Board (either to fill a vacancy or as an additional Director). No person other than a Director retiring at a general meeting shall, unless recommended by the Directors, be eligible for election by the Company to the office of Director unless not less than seven and not more than 42 clear days before the date appointed for the meeting there shall have been left at the Company's registered office (or, if an electronic address has been specified by the Company for such purposes, sent to the Company's electronic address) notice in writing signed by a Shareholder who is duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election together with notice in writing signed by that person of his willingness to be elected and containing a declaration that he is not ineligible to be a Director in accordance with the Companies Law.

3.11.4 No person shall be or become incapable of being appointed a Director, and no Director shall be required to vacate that office, by reason only of the fact that he has attained the age of 70 years or any other age.

3.11.5 Subject to the Articles, at each annual general meeting of the Company all Directors will retire from office and each Director may offer himself for election or re-election by the Shareholders.

3.11.6 A Director who retires at an annual general meeting may, if willing to continue to act, be elected or re-elected at that meeting. If he is elected or re-elected he is treated as continuing in office throughout. If he is not elected or re-elected, he shall remain in office until the end of the meeting or (if earlier) when a resolution is passed to appoint someone in his place or when a resolution to elect or re-elect the Director is put to the meeting and lost.

3.11.7 The office of a Director shall be vacated:

(a) if he (not being a person holding for a fixed term an executive office subject to termination if he ceases from any cause to be a Director) resigns his office by giving written notice signed by him sent to or deposited at the Company's registered office;

(b) if he dies;

(c) if he shall have absented himself (such absence not being absence with leave or by arrangement with the Board on the affairs of the Company) from meetings of the Board for a consecutive period of 12 months and the Board resolves that his office shall be vacated;

(d) if he becomes bankrupt or makes any arrangements or composition with his creditors generally;

(e) if he ceases to be a Director by virtue of, or becomes prohibited from being a Director by reason of, an order made under the provisions of any law or enactment;

(f) if he is requested to resign by written notice of all his co-Directors (being not less than two in number);

(g) if the Company by ordinary resolution shall declare that he shall cease to be a Director; or

(h) if he becomes ineligible to be a Director in accordance with the Companies Law.

3.11.8 Any Director may, by notice in writing, appoint any other person (subject to the provisions in paragraph 3.11.9 below), who is willing to act as his alternate and may remove his alternate from that office.

3.11.9 Each alternate Director shall be eligible to be a Director under the Companies Law and shall sign a written consent to act. Every appointment or removal of an alternate Director shall be by notice in writing signed by the appointor and served upon the Company.

3.12 *Proceedings of the Board*

3.12.1 The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. The quorum necessary for the transaction of the business of the Board may be fixed by the Board and unless so fixed shall be two. Subject to the Articles, a meeting of the Board at which a quorum is present shall be competent to exercise all the powers and discretion exercisable by the Board.

3.12.2 The Board may elect one of their number as chairman. If no chairman is elected or if at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be chairman of the meeting.

3.12.3 Questions arising at any meeting shall be determined by a majority of votes.

3.12.4 The Board may delegate any of its powers to committees consisting of one or more Directors as they think fit. Any committee so formed shall be governed by any regulations that may be imposed on it by the Board and (subject to such regulations) by the provisions of the Articles that apply to meetings of the Board.

3.13 *Remuneration of Directors*

The Directors shall be entitled to receive fees for their services, such sums not to exceed in aggregate US$350,000 in any financial year (or such sum as the Company shall from time to time determine). The Directors may be paid all reasonable travelling, hotel and other out of pocket expenses properly incurred by them in attending board or committee meetings or general meetings, and all reasonable expenses properly incurred by them seeking independent professional advice on any matter that concerns them in the furtherance of their duties as a Director.

3.14 *Interests of Directors*

3.14.1 Subject to and in accordance with the Companies Law, a Director must, immediately after becoming aware of the fact that he is interested in a transaction or proposed transaction with the Company, disclose that fact to the Directors (including the nature and extent of that interest).

3.14.2 Subject to the provisions of the Companies Law, and provided that he has disclosed to the Directors the nature and extent of any interests of his, a Director notwithstanding his office:

(a) may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director on such terms as to the tenure of office and otherwise as the Directors may determine;

(b) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;

(c) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, a shareholder of or otherwise interested in, anybody corporate promoted by the Company or in which the Company is otherwise interested;

(d) shall not, by reason of his office, be accountable to the Company for any remuneration or benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit;

(e) may act by himself or his firm in a professional capacity for the Company, other than as auditor, and he or his firm shall be entitled to remuneration for professional services as though he were not a Director of the Company; and

(f) may be counted in the quorum present at any meeting in relation to any resolution in respect of which he has declared an interest (and he may vote thereon).

3.15 *Winding-up*

3.15.1 The Company shall have an indefinite life. However, at the annual general meeting of the Company to be held in the year 2023 the Board shall propose an ordinary resolution that the Company shall continue in existence. If such resolution is passed the Company shall continue its operations. If such resolution is not passed the Board shall, at that annual general meeting or at an extraordinary general meeting held within six months of that annual general meeting, propose a resolution either to wind up the Company or to implement a reconstruction, amalgamation or other material alteration to the Company or its activities or any other appropriate alternative based on current circumstances as the Board thinks fit.

3.15.2 If the Company shall be wound up, the liquidator may, with the sanction of an extraordinary resolution and any other sanction required by the Companies Law, divide the whole or any part of the assets of the Company among the members entitled to the same in specie and the liquidator may for that purpose value any assets as he or they deem fair and determine how the division shall be carried out as between the members or different classes of members and, with the like sanction, may vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he or they may determine, but no member shall be compelled to accept any assets upon which there is a liability.

3.15.3 Where the Company is proposed to be or is in the course of being wound up and the whole or part of its business or property is proposed to be transferred or sold to another company, the liquidator may, with the sanction of an ordinary resolution, receive in compensation shares, policies or other like interests for distribution or may enter into any other arrangements whereby the members may, in lieu of receiving cash, shares, policies or other like interests, participate in the profits of or receive any other benefit from the transferee.

3.16 *Borrowing powers*

The Directors may exercise all of the powers of the Company to borrow money and to give guarantees, mortgage, hypothecate, pledge or charge all or part of its undertaking, property (present or future) or assets or uncalled capital and to issue debentures and other securities whether outright, or as collateral security for any debt, liability or obligation of the Company or of any third party.

3.17 *Suspension of determination of the Net Asset Value per Share*

3.17.1 The Board may at any time temporarily suspend the calculation of the Net Asset Value and Net Asset Value per Share and the issuance of any shares in such class during:

(a) any period when any of the principal markets or stock exchanges on which a substantial part of the Company's investments are traded are closed, otherwise than for ordinary holidays, or during which dealings thereon are restricted or suspended;

(b) any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility or power of the Board, disposal or valuation of a substantial part of the investments of the Company is not reasonably practicable without this being seriously detrimental to the interests of the Shareholders or if, in the opinion of the Directors, the Net Asset Value and/or Net Asset Value per Share of the relevant class cannot be fairly calculated; or

(c) any breakdown in the means of communication normally employed in determining the value of the Company's investments or when for any reason the current prices on any market of a substantial part of the Company's investments cannot be promptly and accurately ascertained.

3.17.2 Any suspension will be notified to Shareholders by way of an RIS announcement.

4 City Code on Takeovers and Mergers

4.1 *Mandatory bid*

The Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, if:

(i) a person acquires an interest in Shares which, when taken together with Shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in the Company; or

(ii) a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company acquires additional interests in Shares which increase the percentage of Shares carrying voting rights in which that person is interested,

the acquirer and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding Shares at a price not less than the highest price paid for any interests in the Shares by the acquirer or its concert parties during the previous 12 months.

4.2 *Compulsory acquisition*

Under sections 974 to 991 of the Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer. It would do so by sending a notice to holders of outstanding shares telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the holders of outstanding shares. The consideration offered to the holders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.

In addition, pursuant to section 983 of the Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer.

The offeror would be required to give any holder of outstanding shares notice of his right to be bought out within one month of that right arising. Such sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of outstanding shares notifying them of their sell-out rights. If a holder of shares exercises their rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

5 Interests of Directors and major shareholders

5.1 At the Latest Practicable Date, none of the Directors held any direct interests in the share capital of the Company.

Mr Funaki is a director of Discover Investment Company which holds 2,730,133 Shares in the Company, representing 5.1 per cent. of the issued share capital.

Save as disclosed in this paragraph, no Director has any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company.

5.2 No Director has a service contract with the Company, each having been appointed by way of a non-executive director's letter of appointment, nor are any such contracts proposed. The Directors' appointments can be terminated in accordance with the Articles and without compensation. The Directors are subject to retirement by rotation in accordance with the Articles. Mr Scales was appointed as a Director on 21 September 2017. Mr Funaki was appointed as a Director on 22 September 2017. Mr Hurst and Mr Pierron were appointed as Directors on 13 October 2017.

5.3 There is no notice period specified in the Articles for the removal of Directors. The Articles provide that the office of Director shall be terminated by, among other things: (i) written resignation; (ii) unauthorised absences from board meetings for six consecutive months or more; or (iii) written request of all of the other Directors.

5.4 The Directors' current level of remuneration is US$50,000 per annum for each Director other than the Chairman of the Board, who receives US$60,000 per annum, and the Chairman of the audit committee, who receives US$55,000 per annum.

5.5 There are no amounts set aside or accrued by the Company to provide pension, retirement or similar benefits.

5.6 The Company has not made any loans to the Directors which are outstanding, nor has it ever provided any guarantees for the benefit of any Director or the Directors collectively.

5.7 Over the five years preceding the date of this Prospectus, the Directors hold or have held the following directorships (apart from their directorships of the Company) or memberships of the following administrative, management or supervisory bodies and/or partnerships:

Name	**Current**	**Previous**
Sean Hurst	Albion Consulting SARL Carillon Capital Ltd Charity & Investment Merger Arbitrage Fund Impact Investment Trust PLC JPEL Private Equity Ltd	ARC Capital Holdings Limited ARCH Motor Holdings Ltd ARCH Secretaries Shanghai CP Jing Cheng Enterprise Development Co Ltd
Hiroshi Funaki	Good Penny Limited Origo Partners PLC	None
Damien Pierron	Crypto Telecommunications Security SA	None
Philip Scales	A&M Overseas Limited Argo Distressed Credit Fund Limited Atlal Limited Chip (Five) Limited Chip (Four) Limited Chip (Ipswich) One Limited Chip (Ipswich) Two Limited Chip (One) Limited Chip (Seven) Limited Chip (Three) Limited Chip (Two) Limited Citvitas Services Limited ECM Group NV Limited EPIC Reconstruction Property Company (IOM) Limited	ACE (Four) Limited ACE (One) Limited ACE (Three) Limited ACE (Two) Limited ACE Hartlepool Retail Limited ACE Peterborough Limited ACE Reading Limited ACE Winchester Limited Active Commercial Estates plc Adams plc Aggregated Micro Power Limited Arricano Real Estate plc Astin CEO IOM 2007 Limited Bamboo Investments (Isle of Man) plc Billiter Energy Corporation

Name	Current	Previous
Philip Scales *(continued)*	EPIC Structured Finance Limited European Property Investment Portfolio Limited Faris Limited FIM Capital Limited FIM Nominees Limited FIM Nominees One Limited FIM Nominees Two Limited FIM Directors Limited FIM Secretaries Limited First World Hybrid Real Estate plc Frontier Commercial Property Fund plc Frontier Global Real Estate Fund plc FWRE Holdings Limited FWRE Limited Glasgow Otago Lane Limited Haiser Limited Healthcare & Leisure Property Limited Industrial Multi Property Trust plc IOMA Group Holdings Limited JMS Estates (IOM) Limited Marriott Isle of Man Limited Origo Partners plc Paternoster Limited Plastic Oceans Prime Capital Partners (Property) Limited Qabila SEIF (IOM) Limited SEIF Global Limited SEIF Services Limited Specialist Healthcare Operations Limited Sumaco International Limited Surya plc Tau Capital plc TEP (Solar Holdings) Limited The Alchemy Funds (Bermuda) Ltd The Broader European Investment Fund plc The Spitfire Funds (Bermuda) Ltd Trading Emission plc	Birmingham Brindleyplace Capital (General Partner) Limited Birmingham Brindleyplace Income (General Partner) Limited BMP Resources plc Bram Hill Properties Ltd Bram Hill SPV Limited Chip (Five) Limited Chip (Four) Limited Chip (Ipswich) One Limited Chip (Ipswich) Two Limited Chip (One) Limited Chip (Seven) Limited Chip (Three) Limited Chip (Two) Limited Civitas Housing Advisors Limited Clean Energy Asia Limited CORE Education plc Drewry Limited Eden Land Opportunity plc EEA (IOM) Limited Empiric (Framwellgate Durham) Leasing Limited Empiric (Framwellgate Durham) Limited Empiric (Glasgow Otago Street) Leasing Limited Empiric (York George Hudson) Leasing Limited Empiric (York George Hudson) Limited EPIC Finance Company Limited EPIC Reconstruction Property Company II Limited Etuno S.r.l. Fairdos Limited Financial Holdings Limited Florasolar S.r.l. Hammy Limited Hirco Holdings Limited Hope Street Properties Limited IOMA Group Holdings Limited IOMA Group Operations Limited IOMA Horizons Limited Isle of Man Assurance Limited Isle of Man Insurance Management Limited Manxdale Holdings Limited Paternoster Holdings Limited Patollo Prime Rate Cash Management Funds (Isle of Man) plc Property Investment Portfolio plc Property Investment Portfolio ISA & PEP plc RGP Puglia 1 S.r.l. Sardinella Limited Solar Services Italia S.r.l. Solar Energy Italia 6 S.r.l. Solar Energy Italia 1 S.r.l.

Name	Current	Previous
Philip Scales *(continued)*		TEP Asia Limited TEP (Renewables Holding) Limited TEP Trading 1 Limited TEP Trading 2 Limited The Golden Jubilee Trust Trading Emissions (Isle of Man) Limited Trading Emissions Limited Treveria Asset Management Limited

5.8 Save as disclosed at paragraph 5.9 below, the Directors in the five years before the date of this Prospectus:

- do not have any convictions in relation to fraudulent offences;
- have not been associated with any bankruptcies, receiverships or liquidations of any partnership or company through acting in the capacity as a member of the administrative, management or supervisory body or as a partner, founder or senior manager of such partnership or company; and
- do not have any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) and have not been disqualified by a court from acting as a member of the administration, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.

5.9 Philip Scales resigned as a director of Hirco Holdings Limited on 26 August 2016. Hirco Holdings Limited was a subsidiary of Hirco plc. On 10 October 2016, the Isle of Man court appointed a liquidator and Hirco plc was placed into creditors' voluntary liquidation. Hirco Holdings Limited went into members' voluntary liquidation in October 2016.

5.10 As at the Latest Practicable Date, the Company is aware of the following Shareholders who were at such time interested, directly or indirectly, in 5 per cent. or more of the Company's issued Share capital:

Name	Number of voting rights held	% of voting rights
Clearstream Banking	16,221,186	30.42
City of London Investment Mgt Co	7,679,299	14.40
Bank Julius Baer	5,788,594	10.85
de Pury Pictet Turrettini & Co	3,356,224	6.29
UBS	2,925,122	5.48
Discover Investment Company	2,730,133	5.12

Save as set out in this paragraph 5.10, the Company is not aware of any person who holds as shareholder (within the meaning of the Disclosure Guidance and Transparency Rules), directly or indirectly, a notifiable interest under English law in the voting rights of the Company.

5.11 All Shareholders have the same voting rights in respect of the share capital of the Company.

5.12 The Company and the Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

5.13 The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.

5.14 None of the Directors has any conflict of interest or potential conflicts of interest between any duties to the Company and his private interests and any other duties. The Investment Manager, any of its directors, officers, employees, agents and affiliates and the Directors and any person or company with whom they are affiliated or by whom they are employed (each an "**Interested Party**") may be involved in other financial, investment or other professional activities which may cause conflicts of interest with the Company. In particular, Interested Parties may provide services similar to those provided to the Company to other entities and shall not be liable to account for any profit from any such services. For example, an Interested Party may acquire on behalf of a client an investment in which the Company may invest.

6 Investment restrictions

The Company will at all times invest and manage its assets with the objective of spreading risk and in accordance with its published investment policy as set out in Part 1 of this Prospectus.

In order to comply with the current Listing Rules, the Company will not invest more than 10 per cent. of its total assets in the securities of other listed closed-ended investment funds (including listed investment trusts) other than those which themselves have stated investment policies to invest no more than 15 per cent. of their total assets in other listed closed-ended investment funds.

In the event of a breach of the investment policy set out in Part 1 of this Prospectus and the investment restrictions set out therein, the Investment Manager shall inform the Board upon becoming aware of the same and if the Board considers the breach to be material, notification will be made to a Regulatory Information Service.

7 Material contracts

Save as described below, the Company has not (i) entered into any material contracts (other than contracts in the ordinary course of business) within the two years immediately preceding the publication of this Prospectus; or (ii) entered into any contracts that contain provisions under which the Company has any obligation or entitlement that is material to the Company as at the date of this Prospectus.

7.1 *Sponsor and Introduction Agreement*

The Sponsor and Introduction Agreement dated 1 March 2019 between the Company, the Investment Manager and finnCap pursuant to which, subject to certain conditions, finnCap has agreed to act as the Company's sponsor in connection with Admission.

The Sponsor and Introduction Agreement is conditional upon certain conditions that are typical for an agreement of this nature. These conditions include, among others: (i) Admission occurring and becoming effective by 8.00 a.m. on or prior to 8 March 2019 (or such latter time and/or date as the Company, the Investment Manager and finnCap may agree); and (ii) the Sponsor and Introduction Agreement not having been terminated in accordance with its terms.

In consideration for its services in relation to Admission, finnCap will be paid a corporate finance fee.

The Company and the Investment Manager have given warranties to finnCap concerning, *inter alia*, the accuracy of the information contained in this Prospectus. The Company and the Investment Manager have also given certain indemnities to finnCap. The warranties and indemnities given by the Company and the Investment Manager are standard for an agreement of this nature.

The Sponsor and Introduction Agreement is governed by the laws of England and the parties submit to the exclusive jurisdiction of the English courts.

7.2 *Investment Management Agreement*

The amended and restated investment management agreement dated 8 October 2018 by which the Investment Manager is appointed to act as investment manager of the Company with responsibility to manage the assets of the Company and to advise the Company on a day to day basis in accordance with, amongst other things, the investment policy of the Company and subject to the overall control and supervision of the Board. The Investment Manager is the Company's AIFM for the purposes of the AIFMD.

The Investment Management Agreement is terminable by either the Investment Manager or the Company giving to the other not less than 6 months' notice in writing, such notice not to expire earlier than 24 months from 16 July 2018. The Investment Management Agreement may be terminated at any time by the Company, without being required to pay any termination fee to the Investment Manager, by giving notice in writing to the Investment Manager upon the occurrence of one or more of the following events: (i) the Investment Manager goes into liquidation (other than a voluntary liquidation for the purposes of reconstruction or amalgamation previously approved in writing by the Company such approval not to be unreasonably withheld or delayed) or if a receiver or administrative receiver is appointed of the whole or any substantial part of the assets or undertaking of the Investment Manager or an administrator is appointed of the Investment Manager; or (ii) if the Investment Manager has committed any material breach of its obligations under the Investment Management Agreement and, if such breach shall be capable of remedy, fails within 30 days of receipt of notice requiring it to make good such breach; or (iii) if the Investment Manager no longer has any permission required of it for the purposes of carrying out its obligations under the Investment Management Agreement; or (iv) if the Investment Manager fails to notify the Company of certain enquiries or investigations; or (v) one or more permanent members of the Investment Committee cease to be employees of the Investment Manager or Dynam Consultancy and Services Company Limited, or to devote sufficient time and attention to the affairs of the Company and are not replaced within six months; or (vi) if a permanent member of the Investment Committee is convicted of any criminal offence, has any license or approved person status withdrawn by, or is sanctioned by any regulatory authority (whether or not in relation to actions or omissions on behalf of the Investment Manager, Dynam Consultancy and Services Company Limited or the Company), which, in the opinion of the Board, may affect the ability of the Investment Manager to provide its services under the Investment Management Agreement, may affect the finances or reputation of the Company or may otherwise have an adverse effect on the Company or the price of any of its securities, and within six months of such event the Investment Manager has not replaced the member; (vii) if the Investment Manager is subject to regulatory investigation or enforcement action which the Company considers likely to have a material adverse impact on the business or reputation of the company; or (viii) if there is at any time a change of control of the Investment Manager (but excluding any intra group reorganisation to which the Company has given its consent in writing).

Under the terms of the Investment Management Agreement, the Investment Manager is entitled to a management fee and may be entitled to an incentive fee, details of which are set out in Part 2 of this Prospectus under the heading "*Fees and expenses*". The Investment Manager is also entitled to reimbursement of all expenses properly and reasonably incurred by the Investment Manager on behalf of the Company.

The Investment Management Agreement contains provisions pursuant to which the Company agrees not to make claims against the Investment Manager or any of its directors, officers, agents or employees, and to indemnify such persons against any claims which may be made against them by third parties and against any costs, losses or expenses which any of them may incur, as a result of, or in connection with the provision by or on behalf of the Investment Manager of services under the Investment Management Agreement, except to the extent that the same is directly attributable to the gross negligence, wilful default or fraud of the Investment Manager or any of its directors, officers, agents or employees.

The Investment Manager is entitled to delegate or sub-contract any of its obligations on such terms as agreed with the Company. The Investment Manager shall be responsible for all fees, costs and expenses payable to such persons under the terms of their appointment. The Investment Manager shall remain liable for the acts and omissions of such persons as if such acts and omissions were its own, except that the Investment Manager shall not be liable for any act or omission of any delegate which constitutes fraud, wilful default or negligence provided the Investment Manager has exercised reasonable care in the selection, supervision and monitoring of any such person as a delegate.

The Investment Management Agreement is governed by the laws of England and the parties submit to the exclusive jurisdiction of the English courts.

7.3 *Company Administration Agreement*

The amended and restated Company Administration Agreement dated 1 March 2019 between the Company and the Administrator pursuant to which the Administrator is appointed to provide administrative and company secretarial services to the Company and is the Company's designated administrator for Guernsey regulatory purposes. Services include various company secretarial services, registered office, designated administrator, oversight, risk and compliance services and services relating to ensuring adherence with requirements imposed by Guernsey law.

The Company Administration Agreement may be terminated by the Company upon 90 days' written notice to the Administrator. The agreement may be terminated by the Administrator upon six months' written notice to the Administrator. The agreement may also be terminated by either party on immediate notice in certain circumstances that are standard for an agreement of this type.

The Administrator is entitled to certain fees summarised in Part 2 of this Prospectus under the heading "*Fees and expenses*". The Administrator is also entitled to the reimbursement of certain expenses.

The Company Administration Agreement contains certain indemnities given by the Company in favour of the Administrator, which are typical for an agreement of this type.

The Company Administration Agreement is governed by the laws of the Island of Guernsey and the parties submit to the exclusive jurisdiction of the courts of the Island of Guernsey.

The Administrator has delegated certain administration services to the Sub-Administrator.

7.4 *Sub-Administration Agreement*

The amended and restated Sub-Administration Agreement dated 1 March 2019 between the Company, the Administrator and the Sub-Administrator. Pursuant to the terms of the Sub-Administration Agreement, the Sub-Administrator (or its duly appointed delegate) has agreed to provide certain administrative services in respect of the Company. The administrative services provided include preparing the annual accounts and reports of the Company and calculating the NAV per Share of the Company in accordance with information supplied to the Sub-Administrator.

In calculating the NAV per Share, the Sub-Administrator shall use prices ascribed to the Company's underlying assets that the Sub-Administrator has, in its capacity as the fund administrator, collected or received from (a) an independent financial market data provider available to and used by the Sub-Administrator in its capacity as a fund administrator or (b) the Company, the Directors, the Investment Manager or other agents/parties appointed or nominated by the Company ((a) and (b) together the "**Pricing Sources**"). The Sub-Administrator shall not be liable to the Company, any investor or any other person in respect of any loss suffered from the use of, or reliance by, the Sub-Administrator on information provided by Pricing Sources in its calculations. The Sub-Administrator is not responsible or liable for: (a) verifying any price ascribed by the Pricing Sources to any of the Company's underlying assets, including any illiquid and/or hard-to-value assets; or (b) the accuracy, correctness, completeness, reliability or current state of any price ascribed by a Pricing Source to any of the Company's underlying assets. The Sub-Administration Agreement provides that the Sub-Administrator is not liable to the Company or any Shareholder for any losses (which include any liability, obligation, claim, demand, action, penalty, proceeding, suit, charge, disbursement, cost (including legal costs), loss, damage or expense of any kind) incurred or suffered by reason of any action or omission of the Sub-Administrator in relation to the Sub-Administration Agreement, in the absence of gross negligence, wilful default or fraud on the part of the Sub-Administrator. In addition, the Company (through the Administrator) has indemnified the Sub-Administrator and its affiliates in connection with any such losses which may be imposed on, incurred by or asserted against the Sub-Administrator or its affiliates and certain other persons howsoever in connection with the provision of services under the Sub-Administration Agreement, other than by reason of the Sub-Administrator's or such affiliate's or other person's gross negligence, wilful default or fraud. The Sub-Administrator has no regulatory or fiduciary responsibility to the Company, the Administrator and/or any other person(s), in relation to the services provided by the Sub-Administrator under the Sub-Administration Agreement. The Sub-Administrator does not provide any investment management or advisory services to the Company and, therefore, is not in any way responsible for the Company's performance, the repayment of capital to Shareholders, the monitoring of the Company's investments or the Company's compliance with its investment objectives or restrictions, borrowing restrictions or operating guidelines.

The Sub-Administration Agreement will remain in effect unless terminated upon not less than three months' written notice by the Company, the Administrator or the Sub-Administrator. Any of the Company, the Administrator or the Sub-Administrator can terminate the Sub-Administration Agreement forthwith by notice if, *inter alia*, another party has committed a material breach of the Sub-Administration Agreement and such breach has not been remedied within 30 days after notice requiring the same to be remedied, or if any other party goes into liquidation or has a receiver (or its equivalent) appointed over any of its assets. The Administrator or the Company may terminate the Sub-Administration Agreement forthwith if the Company Administration Agreement is terminated. The Sub-Administrator can terminate the agreement by notice with immediate effect in circumstances where the Sub-Administrator has refused to act in accordance with instructions or perform the services where the Sub-Administrator determines in its absolute discretion that the instructions or services might constitute a breach of any policy of the Sub-Administrator, Standard Chartered Bank plc or any applicable law.

Fees are payable by the Company to the Sub-Administrator at such rates as may be agreed in writing between the Company and the Sub-Administrator from time to time. The current fees payable to the Sub-Administrator are summarised in Part 2 of this Prospectus under the heading "*Fees and expenses*". The Sub-Administrator is entitled to be reimbursed by the Company for all reasonable out-of-pocket expenses.

The Sub-Administration Agreement is governed by the laws of England and the parties submit to the non-exclusive jurisdiction of the courts of England.

The Sub-Administrator was not involved in preparing, and accepts no responsibility for any information contained in, this Prospectus.

During 2019 it is expected that the Sub-Administrator will transfer responsibility for providing administrative services to the Company to Standard Chartered Bank (Singapore) Limited, a wholly owned subsidiary of the Sub-Administrator.

7.5 *Custody Agreement*

The Custody Agreement dated 18 November 2011 between the Company and the Custodian by which the Custodian is appointed as custodian of the Company's assets. The Custodian holds all assets of the Company received by the Custodian in accordance with the terms of the Custody Agreement.

The Custody Agreement may be terminated by the Company or the Custodian upon 90 days' notice by either party. Either the Company or the Custodian can terminate the Custody Agreement forthwith by notice the other has committed a material breach of the Custody Agreement and such breach has not been remedied within 30 days after notice requiring the same to be remedied. The Custodian can terminate the agreement by notice taking immediate effect where the Company has failed to pay the fees for three consecutive months, where it becomes unlawful for the Custodian to continue to provide the services or where the Company goes into liquidation or winding up or has a receiver (or its equivalent) appointed over any of its assets.

The fees of the Custodian are paid by the Company. The Custodian charges custody fees at rates that are agreed between the Company and the Custodian and are reviewed on an annual basis. The current fees payable to the Custodian are summarised in Part 2 of this Prospectus under the heading "*Fees and expenses*". The Custodian is entitled to be reimbursed by the Company for all reasonable out-of-pocket expenses.

The Custodian may delegate any of its duties under the Custody Agreement, including the safekeeping of assets, to sub-custodians, agents and other delegates. The Custodian will not provide any other services or perform any other functions, except safekeeping and the usual administrative matters relating to the assets under custody, and will have no other duties or responsibilities relating to the Company; for instance, the Custodian will not provide advisory services or asset management services nor will it monitor investment management activities or investment strategies of the Company. The Custodian will not supervise or control the activities of the Investment Manager or the Administrator and is not in any way responsible for the Company's performance or the repayment of capital to Shareholders, the monitoring of the Company's investments or the Company's compliance with its investment objectives or restrictions, borrowing restrictions or operating guidelines. The Custodian does not warrant the contents of the relevant fund documentation, nor will it be involved in the management, administration (without prejudice to the services provided by the Sub-Administrator) or Net Asset Value calculation of the Company. None of the Custodian or its employees or agents are directly involved in the business affairs, organisation, sponsorship or management of the Company.

The Custodian does not act as a sponsor or promoter of the Company. Therefore, the Custodian does not assume any liability for negligence or wilful misconduct of the Investment Manager or Administrator and potential investors should not rely on the Custodian in deciding whether or not to invest in the Company. The Custodian is however liable to the Company for any direct loss suffered by or occasioned to the Company to the extent that there has been negligence, fraud or wilful misconduct on the part of the Custodian or an affiliated sub-custodian (subject to applicable exclusions). The Custody Agreement contains an indemnity in favour of the Custodian for claims by third parties except to the extent that the claim arises from the negligence, fraud or wilful misconduct of the Custodian or an affiliated sub-custodian. The Custodian shall have a general lien over the securities held by the Custodian pursuant to the Custodian Agreement until the satisfaction of all the liabilities and obligations of the Company under the Custodian Agreement. The Custodian's obligations and liabilities are only to the Company and only as provided in the Custodian Agreement. The Company (and not the Custodian) is responsible for ensuring that the Company's assets are delivered to the Custodian as custodian. The Custodian is not responsible for monitoring the Company's compliance with this obligation. The Custodian has no fiduciary responsibility to either the Company or the Shareholders.

The Custodian is authorised to act through and hold the Company's investments with sub-custodians. The Custodian will use reasonable care in the selection and appointment of sub-custodians. The applicable sub-custodian who is appointed by the Custodian as at the date of this Prospectus and who might be relevant for the purposes of holding the Company's investments is Standard Chartered Bank (Vietnam) Limited, which is regulated by the State Bank of Vietnam, and has its custodian license issued by State Securities Commission in Vietnam.

The Company's cash is not segregated from the Custodian's own cash and may be used by the Custodian in the course of its business. The Company ranks as one of the Custodian's general creditors for the cash balance. The Custodian will not be responsible for any cash, securities and/or other assets of the Company which are not deposited with or held to the Custodian's order. In particular, the Custodian will not be responsible for (i) any cash, securities and/or other assets placed with other co-custodians, brokers, or any other party outside the Custodian's global custodian network; or (ii) any cash placed with any bank or financial institution which is not a member of the Custodian's group. In addition, the Custodian will not be liable for any loss occasioned by reason of the liquidation, bankruptcy or insolvency of such co-custodian, broker or other intermediary.

The Custodian will not participate in transactions or activities or make any payments denominated in US dollars, which if carried out by a US person, would be subject to sanctions of the Office of Foreign Assets Control.

The Custodian Agreement is governed by the laws of England and the parties submit to the non-exclusive jurisdiction of the courts of England.

The Custodian was not involved in preparing, and accept no responsibility for any information contained in, this Prospectus.

During 2019 it is expected that the Custodian will transfer responsibility for providing custody services to the Company to Standard Chartered Bank (Singapore) Limited, a wholly owned subsidiary of the Custodian.

7.6 *Registrar Agreement*

The Registrar Agreement dated 11 October 2018 between the Company and Computershare Investor Services (Guernsey) Limited pursuant to which Computershare Investor Services (Guernsey) Limited has agreed to act as registrar to the Company.

The appointment of the Registrar shall commence on the date of Admission and shall continue for a fixed term of two years and thereafter until terminated by either party giving six months' notice, such notice not to expire prior to the third anniversary of the agreement. It may also be terminated by either party with immediate effect at any time upon sending written notice to the other party if (i) they are in persistent or material breach of any term of the Registrar Agreement where such breach is not remedied within 21 days of being given notice to do so by the other party; or (ii) they go into insolvency or liquidation (not being a members' voluntary winding up) or administration or a receiver is appointed over any part of its undertaking or assets (provided that any arrangement, appointment or order in relation to such insolvency or liquidation, administration or receivership is not stayed, revoked, withdrawn or rescinded (as the case may be), within the period of 30 days, immediately following the first day of such insolvency or liquidation); or (iii) they shall cease to have the appropriate authorisations, which permit it lawfully to perform its obligations envisaged by the Registrar Agreement at any time.

The Registrar is entitled to certain fees summarised in Part 2 of this Prospectus under the heading "*Fees and expenses*". The Registrar is also entitled to the reimbursement of certain expenses.

The Registrar Agreement contains certain standard indemnities from the Company in favour of the Registrar, and from the Registrar in favour of the Company. The Registrar's liabilities under the Registrar Agreement are subject to a financial limit.

The Registrar Agreement is governed by the laws of the Island of Guernsey and the parties submit to the exclusive jurisdiction of the courts of the Island of Guernsey.

8 Litigation

There have been no governmental, legal or arbitration proceedings, and the Company is not aware of any governmental, legal or arbitration proceedings pending or threatened, during the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Company.

9 Working capital

In the Company's opinion, the Company has sufficient working capital for its present requirements, that is, for at least the 12 months following the date of this Prospectus.

10 General

10.1 Where third party information has been referenced in this Prospectus, the source of that third party information has been disclosed. Where information contained in this Prospectus has been so sourced, the Company confirms that this information has been accurately reproduced and that, so far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

10.2 finnCap has given and not withdrawn its written consent to the inclusion in this Prospectus of references to its name in the form and context in which they appear.

10.3 Dynam Capital has given and not withdrawn its written consent to the inclusion in this Prospectus of references to its name in the form and context in which they appear.

11 Auditors

The auditors to the Company are KPMG Channel Islands Limited of Glategny Court, Glategny Esplanade, St Peter Port, Guernsey GY1 1WR. KPMG Channel Islands Limited is registered to carry on audit work by the Institute of Chartered Accountants in England and Wales with firm number C001075020.

Prior to February 2019, the auditors to the Company were KPMG LLP of 16 Raffles Quay #22-00, Hong Leong Building, Singapore 048581. KPMG LLP have audited the Company's annual accounts for the periods ended 30 June 2016, 2017 and 2018 and no other information contained in this Prospectus.

12 Custodian

The Custodian is Standard Chartered Bank, Singapore branch. The Custodian is incorporated in England with limited liability by Royal Charter with reference number ZC18 and operates under the UK Companies Act 2006 and the applicable laws of its jurisdictions of operation. The Custodian acts as global custodian for the Company through its Singapore branch and its wholly-owned subsidiary in Vietnam, Standard Chartered Bank (Vietnam) Limited (registered number 0103617147) acts as sub-custodian. The Custodian is authorised by the Prudential Regulation Authority and is regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the UK and by the Monetary Authority of Singapore in Singapore. The sub-custodian, Standard Chartered Bank (Vietnam) Limited, is regulated by the State Bank of Vietnam, and has its custodian license issued by State Securities Commission in Vietnam. The principal business of the Custodian includes the provision of custodial, banking and related financial services.

13 Significant beneficial ownership of the Administrator and Custodian

13.1 So far as the Company is aware, the Administrator is privately owned and no person is a significant beneficial owner of the Administrator, meaning a person who, alone or with associates, is entitled to exercise, or control the exercise of, or has the option to acquire securities that would, upon exercise, entitle the investor to exercise, or control the exercise of, 15 per cent. or more of the voting rights in general meeting of that company.

13.2 So far as the Company is aware, the Custodian is a wholly-owned subsidiary of Standard Chartered PLC and the following person and no other person is a significant beneficial owner of the Custodian, meaning a person who, alone or with associates, is entitled to exercise, or control the exercise of, or has the option to acquire securities that would, upon exercise, entitle the investor to exercise, or control the exercise of, 15 per cent. or more of the voting rights in general meeting of that company: Temasek Holdings (Private) Limited.

14 Documents on display

14.1 The following documents will be available for inspection during usual business hours on any day (Saturdays, Sundays and public holidays excepted) at the registered office of the Company and at the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London EC2M 7SH until the date of Admission:

(a) this Prospectus;

(b) the certificate of incorporation of the Company and the Articles; and

(c) the statutory accounts for the financial periods ended 30 June 2016, 2017 and 2018.

14.2 Further copies of this Prospectus may be obtained, free of charge, from the registered office of the Company.

Dated: 1 March 2019

PART 6

DEFINITIONS

Administrator	Carey Commercial Limited
Admission	the admission of the Shares (i) to the premium segment of the Official List and to trading on the Main Market, and (ii) to listing and trading on the Official List of TISE, becoming effective in accordance with the Listing Rules and the admission and disclosure standards of the London Stock Exchange and the listing rules of TISEA
AIC	the Association of Investment Companies
AIC Code	the AIC Code of Corporate Governance published by the AIC from time to time
AIC Guide	the Guide to Investment Companies published by the AIC from time to time
AIFM	alternative investment fund manager
AIFMD	Directive 2011/61/EU on Alternative Investment Fund Managers
AIM	the AIM market of the London Stock Exchange
Articles	the articles of association of the Company
Auditors	KPMG Channel Islands Limited
certificated form	not in uncertificated form
Companies Law	the Companies (Guernsey) Law, 2008, as amended;
Company	Vietnam Holding Limited
Company Administration Agreement	the amended and restated company administration agreement dated 1 March 2019 between the Company and the Administrator summarised at paragraph 7.3 of Part 5 of this Prospectus
CREST	the relevant system as defined in the CREST Regulations in respect of which Euroclear is the operator (as defined in the CREST Regulations) in accordance with which securities may be held in uncertificated form
CREST Manual	the compendium of documents entitled CREST Manual issued by Euroclear from time to time comprising the CREST Reference Manual, the CREST Central Counterparty Services Manual, the CREST International Manual, CREST Rules, CCSS Operations Manual and CREST Glossary of Terms
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755), as amended
CRS	the OECD's Common Reporting Standard
Custodian	Standard Chartered Bank, acting through its Singapore Branch

Custodian Agreement	the "hub model" custodian agreement dated 18 November 2011 between the Company and Standard Chartered Bank (acting through its Singapore Branch) summarised at paragraph 7.5 of Part 5 of this Prospectus
Directors or **Board**	the board of directors of the Company
Disclosure Guidance	the disclosure guidance made by the FCA and set out in the FCA Handbook (formerly the disclosure rules made by the FCA under section 73A of FSMA)
Dong or **VND**	Vietnamese Dong, the lawful currency of Vietnam
ERISA	the United States Employee Retirement Income Security Act of 1974, as amended
Euroclear	Euroclear UK & Ireland Limited
FATCA	the United States Foreign Account Tax Compliance Act
FCA	the Financial Conduct Authority
FSMA	the UK Financial Services and Markets Act 2000, as amended
GFSC	The Guernsey Financial Services Commission
Guernsey Corporate Governance Code	the Code of Corporate Governance issued by the GFSC
HMRC	HM Revenue & Customs
HoSE	the Ho Chi Minh City Stock Exchange
HNX	the Ha Noi Stock Exchange
IFRS	International Financial Reporting Standards
Investment Management Agreement	the amended and restated investment management agreement dated 8 October 2018 between the Company and the Investment Manager at paragraph 7.2 of Part 5 of this Prospectus
Investment Manager or **Dynam Capital**	Dynam Capital, Ltd.
Latest Practicable Date	27 February 2019
Listing Rules	the listing rules made by the UK Listing Authority under section 73A of FSMA
London Stock Exchange	London Stock Exchange plc
Main Market	the main market operated by the London Stock Exchange
Market Abuse Regulation	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC
Member State	any member state of the European Economic Area
MiFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, together with Regulation (EU) No 600/2014 of the European Parliament and the Council of 15 May 2014

	on markets in financial instruments and amending Regulation (EU) No 648/2012
Money Laundering Regulations	the Money Laundering Regulations 2007, as amended
NAV per Ordinary Share or **Net Asset Value per Ordinary Share**	the Net Asset Value divided by the number of Ordinary Shares in issue
Net Assets, Net Asset Value or **NAV**	the value of the assets of the Company less its liabilities, determined in accordance with the accounting policies and principles adopted by the Company from time to time
OECD	the Organisation for Economic Co-operation and Development
Official List	the official list maintained by the UK Listing Authority
Official List of **TISE**	the official list maintained by TISE
OTC Market	informal over-the-counter trading platform(s) for the trading of unlisted securities
POI Law	the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended
Prospectus	this document
Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council of the European Union and any relevant implementing measure in each Relevant Member States
Prospectus Rules	the rules and regulations made by the FCA under Part VI of FSMA
RCIS Rules	the Registered Collective Investment Scheme Rules 2018 issued by the GFSC
Register	the register of members of the Company
Registrar	Computershare Investor Services (Guernsey) Limited
Registrar Agreement	the registrar agreement dated 11 October 2018 between the Company and the Registrar summarised at paragraph 7.6 of Part 5 of this Prospectus
Regulation S	Regulation S under the Securities Act
Regulatory Information Service	a service authorised by the UK Listing Authority to release regulatory announcements to the London Stock Exchange
Relevant Member State	each Member State which has implemented the Prospectus Directive or where the Prospectus Directive is applied by the regulator
Securities Act	the United States Securities Act of 1933, as amended
Shares	ordinary shares of nominal value US$1.00 each in the capital of the Company
Shareholder	a holder of Shares
SOE	a state-owned company in Vietnam, and an "equitised SOE" is an SOE that has been or is in the process of being privatised
Sponsor or **finnCap**	finnCap Ltd.

Sponsor and Introduction Agreement	the sponsor and introduction agreement dated 1 March 2019 between the Company and the Sponsor summarised in paragraph 7.1 of Part 5 of this Prospectus
Sterling	the lawful currency of the UK
Sub-Administration Agreement	the amended and restated administration agreement dated 1 March 2019 between the Company, the Administrator and the Sub-Administrator summarised at paragraph 7.4 of Part 5 of this Prospectus
Sub-Administrator	Standard Chartered Bank, Singapore Branch
Takeover Code	The City Code on Takeovers and Mergers
TISE	The International Stock Exchange
TISEA	The International Stock Exchange Authority Limited
Transparency Rules	the transparency rules made by the FCA under Part VI of FSMA
UK	the United Kingdom of Great Britain and Northern Ireland
UK Listing Authority or **UKLA**	the FCA acting in its capacity as the competent authority for the purposes of admissions to the Official List
uncertificated or **in uncertificated form**	a Depository Interest recorded on the Depository Interest Register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
US Dollar or **US$**	United States dollars, the lawful currency of the United States
United States or **US**	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
US-Guernsey IGA	the intergovernmental agreement between the United States and Guernsey
US Investment Company Act	the United States Investment Company Act of 1940, as amended
US Person	a US Person as defined for the purposes of Regulation S
US Tax Code	the United States Internal Revenue Code of 1986, as amended, and including, to the extent applicable, the United States Treasury Regulations promulgated thereunder and any other administrative or judicial tax law of the United States
Valuation Day	the last business day of each calendar month (excluding weekends and public holidays in Singapore or Vietnam)
Vietnam Stock Exchanges	the HNX and/or the HoSE
VNHAM	Vietnam Holding Asset Management Limited, the Company's former investment manager

APPENDIX

ANNUAL REPORTS AND AUDITED FINANCIAL STATEMENTS FOR EACH OF THE THREE FINANCIAL YEARS ENDED 30 JUNE 2016, 2017 AND 2018

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

VietNam Holding

2006-2016: 10 Years Responsible Investment

Annual Report 2016

As in previous years, this annual report features a sustainability report in which we discuss VietNam Holding's environmental, social and governance (ESG) efforts. The Portfolio Companies section is focused on ESG issues as well.

A special article is dedicated to the impact of climate change on Vietnam in which we advocate policy directions for the country's future.

Performance

1 July 2015 to 30 June 2016

28% **NAV per share**

18% **VNH Share Price**

20.3% NAV outperformance of benchmark (VNAS USD adjusted)

Share price discount to NAV widened from 13.8% to 20.6%

Conscious of the global initiatives to reduce CO2 emissions, VietNam Holding decided to measure its portfolio carbon footprint this year. South Pole Group, a leading sustainability solutions provider, analyzed the impact of the underlying holdings on the fund's overall carbon footprint in comparison to the benchmark. The outcome of this very first assessment is part of the sustainability report (page 15).

Chairperson's Statement

At this ten-year anniversary, we can proudly reflect on an exciting history.

Dear Shareholders,

Our financial year ended 30 June 2016, marking our tenth anniversary, has been an excellent one for VietNam Holding. Our NAV per share rose 28% to USD 2.68 and our share price increased 18% to USD 2.13. In the same period, the USD-adjusted Vietnam All Share Index (VNAS) rose just 7.7%, marking yet another year of benchmark outperformance for your fund. Moreover, as we show in the table below, we were again the best performing Vietnam equity fund among all closed- and open-ended Vietnam equity funds with assets under management in excess of USD 50m. The result is that at 30 June 2016, VNH ranks number one in Vietnam for all full-year, cumulative performance periods for the last five years.

Vietnam Fund Universe – Historical NAV Performance

Period	VNH	#2 Ranking Fund	VNH Share Price	VNAS USD Adjusted
1 year	28.0%	18.2%	18.1%	7.7%
2 years	39.5%	22.6%	45.5%	9.2%
3 years	74.0%	49.0%	71.6%	26.2%
4 years	121.7%	75.8%	101.2%	34.8%
5 years	155.8%	95.4%	176.4%	44.8%

Source: Bloomberg.
Funds covered (NAV greater than USD 50mn and track record of min. 5 years): VNH, Vietnam Enterprise Investments Limited, PXP Vietnam Emerging Equity Fund, DWS Vietnam Fund, JPMorgan Vietnam Opportunities Fund, Vietnam Opportunity Fund, Vietnam Infrastructure Fund.
Total NAV of peers: USD 2.87bn as of 30 June 2016.

> "The story of the overall Vietnamese economy remains impressive. During the past year, underlying GDP growth has continued to be strong"

At this ten-year anniversary, we can proudly reflect on an exciting history. The early years of the fund mirrored a very difficult period for the Vietnamese stock market, especially the three years from 2006 to 2009 that featured a peak-to-trough index fall of over 80% in USD terms. This was followed by a much friendlier investment environment and the market-leading performance described above.

Meanwhile, the May 2015 issue of warrants has now seen its first exercise date of 1 June 2016, with an unsurprisingly small number (35,927) of warrants converted to shares. To recap, the total issue size was 19.98 million warrants, with each warrant convertible to one share at a price USD 1.998. The remaining exercise dates are 1 December 2016 and 1 June 2017. We expect the bulk of the conversions to occur on the latter date.

Our aggressive efforts to achieve a reduction in the discount of the share price to NAV continue. Periods of heightened market volatility presented regular challenges. In reaction to the surprising result of the UK's referendum on EU membership on 23 June, the discount spiked from 15% to 20%. If we factor in the diluting impact of the remaining warrants on the fund's NAV, the discount would be significantly lower. Nevertheless, your Board continues to prioritize discount reduction. A total of 4.6 million shares were bought and 1.9 million treasury shares were cancelled during the year. There were 10.5 million shares in treasury at June 30, compared to total shares outstanding of 54.9 million.

We pursue a pragmatic approach to discount reduction that mixes buybacks with an openness to the possibility of reselling treasury shares to long term fundamental investors who seek an exposure to Vietnamese equities, and share our core investment philosophy. We believe that such redistribution from shorter-term holders to long term investors is consistent with long term discount reduction. At the time of this writing, we have not placed any treasury shares to investors. However, it is VNH's intention to pay 30% of the incentive fee due to the fund manager in the form of treasury shares.

The story of the overall Vietnamese economy remains impressive. During the past year, underlying GDP growth has continued to be strong, with calendar 2015's rate of 6.7% likely to be followed by a 2016 performance in the region of 6%. The ostensible slowdown reflects the difficulties in the first half of 2016 for the agriculture and oil sectors. They were impacted by an El Niño induced drought and the continued global oil glut, respectively. Ironically, this serves to highlight the strength of Vietnam's emerging economy, based on growing manufacturing prowess and a continually reducing reliance on commodity and extractive industries. This makes Vietnam a very attractive investment case, in contrast to many other emerging and frontier markets.

> "The outlook for Vietnam over the next ten years appears to be at least as positive as it has been over the last ten."

Foreign direct investment (FDI) in Vietnam continues its multi-year boom, with USD 7.3bn disbursed during the first half of 2016, up 15% year-on-year. New registrations indicate continued strong growth in the year ahead. Occasionally, fundamentally minded Vietnamese equity investors lament the continued relative smallness and illiquidity of the market. We feel that there is a realistic and optimistic reply to this. Vietnamese market size and liquidity is indeed showing strong growth, with market capitalization approaching USD 70bn. Trading days of over USD 100m are now the norm on the main southern exchange. At the same time, the potential for accelerated privatization remains an enticing, market-expanding prospect. There is also the comforting knowledge that, in the long run, FDI generates skilled work force, an appreciation for international standards, the impetus to generate entrepreneurial spark and more locally owned businesses. It is also the major driver of ongoing high domestic consumption spending.

Perhaps the most striking macroeconomic fact in the past year has been that while the Chinese renminbi has continued to experience weakness, the Vietnamese dong has actually risen slightly against the dollar. It seems the currency markets have finally begun to appreciate the distinctions between China and Vietnam. Although the challenge China faces to reorient its economy has not gone away, it is good to see that Vietnam is not being tarred with the same brush. As we have argued before, Vietnam is at a very different stage of economic development than China, and is in a very resilient position to China risk compared to most other major Asian countries.

The outlook for Vietnam over the next ten years appears to be at least as positive as it has been over the last ten. The Vietnamese authorities have learned many valuable lessons and gained much valuable experience, all of which adds to the fundamental attraction of the country as an investment destination. There is now a critical size and momentum to the Vietnamese economy and stock market. These factors make for a very exciting future that long term, fundamental, ESG-integrated value investing will be well placed to profit from.

Thank you, our shareholders, for your continued support, and thanks to the VietNam Holding Asset Management team for its continued excellent performance.

Min-Hwa Hu Kupfer, Chairperson
VietNam Holding Limited
18 August 2016

Investment Manager's Report

This year, Vietnamese listed companies are likely to show the highest earnings-per-share (EPS) growth in Asia.

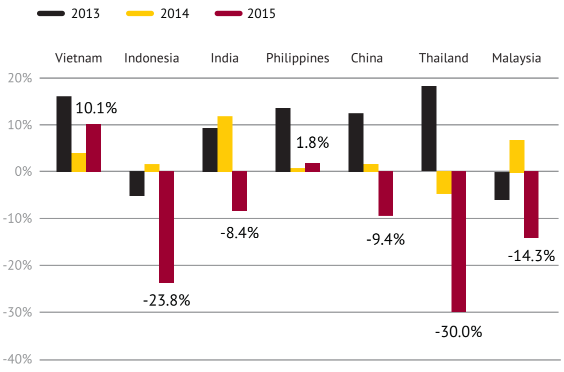
VietNam Holding Asset Management is very pleased with both the investment performance of VNH's portfolio as well as its share price performance as set out in the Chairperson's Statement. In last year's Report, we claimed that "Bull Markets never last forever, but there are good reasons to believe that Vietnam's current one will enjoy plenty of support in the coming year". Reality turned out to be far better than our expectations.

However, the very positive outcome of the past five years does not mask the fact that VNH's NAV performance over the first five years of our corporate life was negative by -41.6%. We are most appreciative of the many investors in those early days who have remained both patient and loyal. Thanks to their support, we have been able to more than make up for those lean first five years and we realize now that in many ways those challenging early days laid the foundation for where we are today. Both Vietnam's political and business leaders have learned valuable lessons from their five years of "growth-at-any-cost" trials. Economic and monetary policies were adjusted to bring annual inflation rates of over 20% to low single digits. A growing number of business leaders supported their growth objectives with realistic business plans and focused on strengthening their companies' core competencies, balance sheets and earnings.

> " The EPS growth of our portfolio companies last year was 18%. This year, we estimate it to be at around the same level. "

As a result, Vietnamese companies have enjoyed several years of high earnings growth. This year, Vietnamese listed companies are likely to show the highest earnings-per-share (EPS) growth in Asia.

Regional EPS Growth Comparison: 2013-2015



Source: Bloomberg / VNHAM. Local currencies.

The EPS growth of our portfolio companies last year was 18%. This year, we estimate it to be at around the same level. Nevertheless, the portfolio P/E of 12.7x remains lower than that of the total market.

We launched VietNam Holding Ltd as a value investment vehicle. In 2006, that was a rather unusual approach in a notoriously short-term oriented market environment. We refined the value style successfully by defining precise investment and divestment criteria and by strictly abiding by them. Towards the end of the first decade we observed that Vietnam's economic growth, the second fastest in the world, created increasing environmental, social and corporate governance (ESG) challenges. This led us to fully commit to sustainable investment principles and to become in 2009 the first signatory of the UN Principles for Responsible Investment active in Vietnam.

Fully set on not wanting to just pay lip-service to this commitment, VNHAM systematically reviews the ESG practices of our investee companies as a fundamental component of our investment strategy. We then track each company's progress on a variety of relevant ESG indicators. We were aware that there was no available ESG reporting on the listed companies in Vietnam, or in nearly all emerging market countries for that matter. To be able to collect the data directly from the companies themselves, we have developed a direct engagement approach aimed at their top management. By involving the board members of both VNH and of VNHAM, we have initiated a unique Company Engagement Program. Each board member is assigned to several portfolio companies and visits them regularly, together with our local analysts. Through this we can ensure that we have a direct line of communication with the top management, which allows us to review previously agreed milestones and propose new objectives for the future.

> “ In the last twelve months, our team has accomplished much more than we could have ever anticipated. Our team members have worked very hard and remained focused on our core principles and objectives throughout the year. ”

We strongly believe that this combination of value investment and sustainable investment criteria has been key to selecting the high performing companies in our portfolio. Indeed, a CEO or Chairman who is willing to make a commitment to invest in clean technology, consider the needs of all stakeholders, and improve corporate transparency is a strategic manager with a long-term perspective and a broad view of risk. In all of our experience, this future-oriented thinking is a frequent proxy for high-quality corporate management and thus company success.

We could not successfully implement this investment strategy without a strong team of motivated and proactive analysts. Our research managers and strategists have acquired the additional skills and the dual approach to investing that are essential to our strategy. We take this opportunity to thank them for their commitment in implementing an investment philosophy that remains singular and strikingly successful in Vietnam.

Aside from our active direct engagement with the portfolio companies, we also organize an annual VNH Forum. These semi-public events are typically attended by the senior executives of over 50 companies. The Forum keynote speakers present the current global best practices in a wide range of ESG areas. Subsequently, a panel of local experts discuss how these foreign practices and standards may be relevant and applicable for Vietnamese enterprises. We can thus contribute to building awareness of the sustainability issues among the local business community. We will continue to pursue this effort to spread the importance of the ESG theme in the years to come.

Our affiliated VNH Foundation, a philanthropic institution registered in Switzerland, has provided charitable support in Vietnam since its launch in 2007. Current projects are focused on assisting handicapped or socially and educationally marginalized children and young adults. Since its inception, VNHAM has assigned one third of any earned incentive fees to the VNH Foundation. To date, we have donated over USD 2.8 million to our philanthropic sister organization, which has also received over half a million USD from private donors.

In the last twelve months, our team has accomplished much more than we could have ever anticipated. Our team members have worked very hard and remained focused on our core principles and objectives throughout the year. On behalf of the Board of Directors of VietNam Holding Asset Management, I express our sincere thanks to them.

Jean-Christophe Ganz, Chairman
VietNam Holding Asset Management Limited
18 August 2016

Portfolio Companies

Nafoods has established an integrated value chain for fruit processing.

STK uses advanced production management systems.

TLG developed an innovative proprietary production line.

Traphaco's artichoke plantation in Sapa, north-west Vietnam.

One of **FPT's** own campuses in Hoa Lac Hi-tech Park, Hanoi.

FPT CORPORATION (FPT)

SHARE INFORMATION (AS AT 30 JUNE 2016)	
Stock exchange	HOSE
Date of listing	November 2006
Market capitalization (USD million)	860.9
Free float	69.7%
Foreign ownership	49%
Share price performance (12 months)	8.1%
2016 price/earnings ratio	10.0x

VIETNAM HOLDING'S INVESTMENT	
Date of first investment	8 January 2007
Ownership	1.1%
Percentage of NAV	6.7%
Internal rate of return (annualized)	17.1%

FINANCIAL INDICATORS	2014	2015
Equity capital (USD million)	370.0	380.7
Revenues (USD million)	1,536.8	1,733.1
Revenue growth (in VND)	20.8%	16.3%
EBIT (USD million)	112.7	134.0
NPAT (USD million)	76.8	88.2
EPS (VND)	3,723	4,386
EPS growth	1.3%	17.8%
Gross margin	19.2%	19.7%
EBIT margin	7.3%	7.7%
ROE	21.6%	21.1%
D/E	0.74x	0.86x
Current ratio	1.3x	1.3x

Sources: FPT audited financial statements and Bloomberg.

ABOUT THE COMPANY

FPT, founded in 1988, operates as a software developer, provider of IT and telecom services, and distributor/retailer of IT and communication products. The company has held the leading position in the local IT industry since 1996. Quality human resources, sustained by its 100% owned subsidiary, FPT University, is one of FPT's competitive advantages. The company employs the largest engineer workforce in Vietnam, with 10,617 employees, a +24% increase over last year. FPT offers outsourcing services to more than 350 globally well-known customers and partners, including Microsoft and IBM. Additionally, the company owns a comprehensive telecom infrastructure with a main North-South link, that has recently been upgraded from copper wires to fiber-optic cables. The private telecom network has enabled FPT to expand its telecom services to all 64 provinces of Vietnam.

FPT aims to become an internationally recognized full IT services provider. With that goal in mind, it has been focusing on expanding its overseas markets.

RECENT DEVELOPMENTS

FPT delivered strong business results in 2015. Net sales were up 16.3% YoY. Net profits (after minority interests) were up 18.3% YoY. The company's performance was mainly driven by the Software Outsourcing and the Retail business units. All of FPT's outsourcing markets registered higher than expected revenue growth, such as Japan up 39.8% YoY, the U.S. up 37.5% YoY, the E.U. up 55.6% YoY, and APAC countries up 29.9% YoY. The Japanese market contributed the largest (45%) share of the company's outsourcing sales.

FPT is in the process of selling its Distribution and Retail businesses.

SUSTAINABILITY STRATEGY

FPT's sustainability strategy is guided by technological innovations with commitments to the highest level of customer satisfaction and the country's prosperity as a whole. Its sustainable development model consists of three pillars, which are 1) Profit, achieved by competitive enhancements, 2) People, driven by developments of human resources and community activities, and 3) Planet, via environmental protection.

ESG ACHIEVEMENTS

In 2015, the company spent nearly USD 1.5 million on social responsibility activities and created more than 5,000 new jobs.

FPT has a strong focus on training. Each employee received 8.5 training courses, up 136.2% YoY with a total of 54.3 hours, up 443% YoY in 2015. The training budget was USD 3.2 million, up 52.8% YoY. The company also established the FPT Corporate University (FCU) on the foundation of the FPT Leadership Institute (FLI) to promote FPT as an education provider.

Additionally, FPT's new environmentally friendly campus in Da Nang has completed its first phase operations to host more than 1,000 employees in 1Q2016. The building received the EDGE (Excellence in Design for Greater Efficiencies), awarded by the IFC. Additionally, the Administrative Building of FPT University won the 2014 Green Architecture Award, hosted by the Vietnam Architects' Association. Furthermore, its university and data centers have also implemented energy efficiency solutions to reduce 192.2 tons of CO_2 emission annually.

ESG CHALLENGES

FPT has continued to improve the effectiveness of its corporate governance to ensure operations transparency and efficiency. Effective Balanced Scorecard (BSC) and management training has been successfully offered and applied in all business units at FPT.

NAFOODS GROUP (NAF)

SHARE INFORMATION (AS AT 30 JUNE 2016)	
Stock exchange	HOSE
Date of listing	October 2015
Market capitalization (USD million)	37.5
Free float	31.6%
Foreign ownership	10.5%
Share price performance (since listing)	-0.4%
2016 price/earnings ratio	17.3x

VIETNAM HOLDING'S INVESTMENT	
Date of first investment	30 October 2015
Ownership	8.4%
Percentage of NAV	2.2%
Internal rate of return (annualized)	-0.9%

FINANCIAL INDICATORS	2014	2015
Equity capital (USD million)	5.5	17.8
Revenues (USD million)	13.8	24.2
Revenue growth (in VND)	98.2%	81.8%
EBIT (USD million)	1.1	3.5
NPAT (USD million)	0.9	2.1
EPS (VND)	4,499	1,751
EPS growth	895.4%	-61.0%
Gross margin	11.7%	21.0%
EBIT margin	7.7%	14.4%
ROE	24.6%	17.5%
D/E	0.29x	0.18x
Current ratio	2.34x	3.19x

Sources: NAF audited financial statement and Bloomberg.

ABOUT THE COMPANY

Established in 1995, NAF is a leading exporter of fruit pulp concentrate and Individually Quick Frozen (IQF) fruits in Vietnam. It accounts for 8-10% of passion fruit exports and almost 100% of gac fruit (baby jack fruit) exports out of Vietnam.

NAF exports its products to more than 50 countries including Switzerland, Netherlands, Spain, USA, Japan, Korea, Australia and nations in the Middle East. With products satisfying standards set by the most difficult markets, NAF has gradually built its reputation to access a wider global customer base.

The company focuses on its core business of processing fruit puree concentrate and IQF fruits by creating a value chain around its vital competences, which include the raising of plant seedlings farmed on land owned by the company or sold to farmers, the collection of harvested fruit from the company's own fields and from the farmers, and the processing of the fruit

RECENT DEVELOPMENTS

NAF increased its seedling capacity from 0.5 million seeds per year to 2.4 million per year. These often have a gross margin of 50-60%. NAF is also building a new factory in the South of Vietnam to double its current capacity of 5,000 tons of fruit pulp concentrates p.a. and increase its current IQF fruit processing line to 6,800 tons p.a.

SUSTAINABILITY STRATEGY

NAF has committed to building an integrated green agriculture value chain to produce high quality, natural and nutritious fruit products. Its mission is to contribute to a positive change in Vietnamese agriculture and improve the farmers' lives.

NAF's keen management team is aware of the importance of ESG in the company's sustainable development and they have already applied several ESG practices with promises of more to come.

ESG ACHIEVEMENTS

NAF products meet several international standards such as the BRC Food Certificate, and ISO 22000: 2500 / HACCP. It is an approved supplier of both kosher and halal foods. The company has in-house plantations and outsources passion fruit seedlings from farmers with controlled plantation techniques. This cooperation with farmers helps them improve their income and living standards.

NAF has established a friendly and cooperative working environment. The company makes a priority of employees' health and safety. They've built having built a staff dormitory and offer meals to workers.

In addition, NAF has an active reward program for good employees. The company uses KPI and BSC systems and applies a 3P salary policy.

With VNH's engagement activities, NAF has further improved its corporate governance and investor relation activities.

ESG CHALLENGES

Early this year NAF published its 2015 annual report which contained sufficient ESG information. The company should further improve the level of disclosure in the next version with extensive ESG information. It should also prepare a sustainable development report.

In addition, we have recommended that NAF increase the frequency at which the information on its website is updated by using monthly bulletins or regular articles and news about the company's business and operation.

CENTURY SYNTHETIC FIBER CORPORATION (STK)

SHARE INFORMATION (AS AT 30 JUNE 2016)	
Stock exchange	HOSE
Date of listing	September 2015
Market capitalization (USD million)	57.5
Free float	47.8%
Foreign ownership	12.9%
Share price performance (since listing)	0.0%
2016 price/earnings ratio	17.9x

VIETNAM HOLDING'S INVESTMENT	
Date of first investment	18 Dec 2014
Ownership	7.6%
Percentage of NAV	3.0%
Internal rate of return (annualized)	21.0%

FINANCIAL INDICATORS	2014	2015
Equity capital (USD million)	31.6	30.7
Revenues (USD million)	68.8	47.3
Revenue growth (in VND)	0.3%	-29.0%
EBIT (USD million)	6.9	4.2
NPAT (USD million)	5.0	3.3
EPS (VND)	2,458	1,537
EPS growth	42.1%	-37.5%
Gross margin	14.6%	18.1%
EBIT margin	9.9%	8.9%
ROE	18.0%	10.4%
D/E	0.35x	1.18x
Current ratio	2.23x	1.16x

Sources: STK audited financial statement and Bloomberg.

ABOUT THE COMPANY

STK was established on 1 June 2000 and its shares were listed on HOSE on 10 September 2015. STK's main products are Draw Textured Yarn (DTY), Fully Drawn Yarn (FDY), and Partially Oriented Yarn (POY); all of which creates an integrated value chain for STK.

STK has a clear business strategy focusing on the mid-end and premium segments, targeting both the domestic market and countries where Vietnam has preferential tariff duties.

The company has a clear development vision and is striving to improve the supply chain both upstream (polyester chips) and downstream (textile and dyeing) to reduce costs and more fully integrate.

RECENT DEVELOPMENTS

STK posted a 5-year CAGR of 15.4% in revenues and -1.9% in earnings-after-tax during the period of 2010-2015. Although STK had experienced strong growth rates during the period 2008-2014, the company faced unexpected difficulties in 2015 and 1H2016 due to a crisis in the dyeing sector in China. This led to lower fiber demand and price dumping in the yarn market. STK's management expects near-term demand and price recovery in the sector, with a better 2017 outlook.

As a result of these difficulties, the STK share price plunged from its peak of VND 30,300 on 7 December 2015 to VND 24,000 on 30 June 2016.

SUSTAINABILITY STRATEGY

STK's vision is to become a leading global pioneer in the textile sector and develop into multi-business fields relevant to its core business.

The company's mission is to adopt an advanced and environmentally friendly technology, a modern management system, a wholly professional team and an innovative corporate culture. Its goal is to contribute to society by bringing new and environmentally sound products and services to the community, saving natural resource and protecting the environment.

ESG ACHIEVEMENTS

Although STK has experienced challenging times in the last two years, the company had several notable achievements in the area of ESG.

STK has obtained ISO 9001-2008 certification and applied modern management practices such as 5S, Kaizen and Lean Production. STK has also implemented ERP – SAP Business All-in-One Management as well as a new KPI system.

The company has also developed ethical values and a formal code of conduct with related parties including shareholders, customers, employees, suppliers, competitors, the government and the media.

Although STK has not yet obtained ISO 14001 and OSHAS 18001 or SA8000, the company confirms that they have applied policies that meet the requirements of these certificates.

In addition, STK has developed a production line for recycled yarns and has applied for the Global Recycling Standard 3.0, which includes guidelines on not only the production of recycled products, but also other social, environmental and safety matters.

With VNH's encouragement, STK prepared a 2015 Sustainable Development Report following the GRI G4 guideline. VNH has also suggested that STK disclose more information regarding ESG areas in its 2016 annual and sustainability reports.

ESG CHALLENGES

To follow-up STK's achievements with its electricity and fuel consumption records, it should now proceed with estimating the carbon footprint caused by its current energy usage compared with the sector benchmark. STK can then measure its carbon footprint emission, and mitigate the effects by applying appropriate strategies for energy consumption.

THIEN LONG GROUP (TLG)

SHARE INFORMATION (AS AT 30 JUNE 2016)	
Stock exchange	HOSE
Date of listing	November 2009
Market capitalization (USD million)	156
Free float	14%
Foreign ownership	21%
Share price performance (12 months)	94.5%
2016 price/earnings ratio	16.5x

VIETNAM HOLDING'S INVESTMENT	
Date of first investment	25 January 2013
Ownership	6.6%
Percentage of NAV	7.0%
Internal rate of return (annualized)	72.4%

FINANCIAL INDICATORS	2014	2015
Equity capital (USD million)	34.2	36.5
Revenues (USD million)	76.2	86.0
Revenue growth (in VND)	14.7%	16.7%
EBIT (USD million)	9.7	11.5
NPAT (USD million)	6.9	8.6
EPS (VND)	3,463	4,413
EPS growth	26.4%	27.4%
Gross margin	36.9%	38.6%
EBIT margin	12.7%	13.4%
ROE	21.7%	24.2%
D/E	0.3x	0.3x
Current ratio	2.5x	2.1x

Sources: TLG audited financial statement and Bloomberg.

ABOUT THE COMPANY

TLG, founded in 1981, is the leading producer and distributor of pens and stationery in Vietnam, with a 65% market share in pens and 30% share in office supplies. TLG's products are certified with international quality and environment standards and meet the requirements of demanding customers such as BIC, Crayola, TOMA and Mitsubishi. The company exports their products under the FlexOffice and Colokit brand names to more than 40 countries. The company has strong brand recognition and a distribution network of more than 130 wholesalers and 57,600 points of sales, including locations in Germany, China, Japan, USA and various South East Asian countries.

The company set a clear vision to become the leading supplier of pens and stationery in the region through strong investments in R&D, technology and automation, input material self-production, human resources and improved efficiency.

RECENT DEVELOPMENTS

TLG recorded an increase of 16.7% in revenue in 2015 thanks to a remarkable growth in office supplies, art supplies and export sales. Gross margins reached 38.6%, compared to an average of 37% in the previous two years. Other expenses have been kept stable. Net profit margins reached 10%, the highest since 2010, translating to a 2015 ROA of 15.6% and an ROE of 24.2%.

TLG's stock price showed an impressive 94.5% increase during the 12 months to 30 June 2016. The company continued to report spectacular growth in early 1H2016 thanks to well-controlled input costs. Gross margin expanded to 39.4%, resulting in a net income growth of 52.7% in the period.

SUSTAINABILITY STRATEGY

TLG considers its business as an inherent part of society and demonstrates a strong commitment to community activities and environment protection. "The Power of Knowledge" has been a consistent message spread by Thien Long by way of several social and community outreach activities.

ESG ACHIEVEMENTS

Integrated Management System (IMS) of ISO 9001, ISO14001, OHSAS 18001, SA8000, ISO17025 and ERP system have all been fully applied in TLG at a group level. In addition, the company has also been granted ICTI certification on safety standards and social accountability in the children's toy industry. Its Innovation Team has actively proposed new initiatives focused on pollution reduction and the improved usage of natural resources, materials and energy for cost saving and environmental protection purposes.

Through advocacy activities to limit the effects of climate change, Thien Long has adopted energy-saving solutions that have helped reduce energy consumption significantly, and save more than VND 1.6billion each year. In addition, it has built a system for collecting and sorting waste for recycling.

For 14 continuous years, TLG has participated in the University Entrance Exam Support and Consultation program by sponsoring the publication of guidebooks and a CD ROM on career-orientation advice for young pupils from rural areas.

VNH's Director Engagement Program with TLG was highly welcomed by the company's board and management team. Our recommendation on investor relations enhancement, public relations activities and digital marketing were well received and implemented. The company's improvement in these areas has been widely recognized by the community as well as by foreign and local investors.

ESG CHALLENGES

TLG management's commitment on sustainable development should be developed into specific commitments and targets on environment, social responsibility and corporate governance. Investor relation activities could be enhanced by more information disclosure, regular analyst meetings, periodical investor publications and a formal sustainability report. Supporting TLG's plan to publish an initial sustainability report for fiscal year 2016, VNH organized training sessions on the related regulations and guidelines.

TRAPHACO (TRA)

SHARE INFORMATION (AS AT 30 JUNE 2016)	
Stock exchange	HOSE
Date of listing	November 2008
Market capitalization (USD million)	178.1
Free float	24.2%
Foreign ownership	49%
Share price performance (12 months)	102.5%
2016 price/earnings ratio	20.6x

VIETNAM HOLDING'S INVESTMENT	
Date of first investment	20 December 2007
Ownership	10.4%
Percentage of NAV	12.7%
Internal rate of return (annualized)	33.1%

FINANCIAL INDICATORS	2014	2015
Equity capital (USD million)	36.8	39.1
Revenues (USD million)	77.9	90.1
Revenue growth	-1.9%	19.6%
EBIT (USD million)	12.0	14.5
NPAT (USD million)	6.9	8.4
EPS (USD)	5,478	6,712
EPS growth	-2.7%	22.5%
Gross margin	43.3%	46.1%
EBIT margin	15.4%	16.1%
ROE	19.8%	19.5%
D/E	0.04x	0.02x
Current ratio	3.1x	2.9x

Sources: TRA audited financial statements and Bloomberg.

ABOUT THE COMPANY

TRA is the leading manufacturer of herbal medicinal products in Vietnam. Founded as a state-owned enterprise (SOE), TRA went public in 2000.

From the fifth largest listed pharmaceutical firm on Vietnam's stock markets in 2011, TRA has gone on to become the second largest player due to three strong competitive advantages: It has built a fully integrated value chain, achieved strong brand recognition and created a countrywide distribution network featuring three subsidiaries and 20 branches serving a client base of 22,000 accounts. During the last five years, TRA registered the highest average annual growth rate in sales and profit after tax of 18.1% and 22.1% respectively among listed local peers, and its market capitalization increased more than four times.

The company has long been well known for its high-quality traditional medicines. Its many recognitions include the Top Ten Vietnam's Gold Star Award for Enterprises with Social Responsibilities (2011, 2013, and 2015), and the Best International Enterprise and Best Manager Award by the European Business Assembly (2013).

RECENT DEVELOPMENTS

TRA's efforts to restructure its sales force and distribution channels to lessen its dependence on wholesalers delivered strong results in 2015. TRA's 2015 sales increased 17.3% compared to its pre-restructuring 2013 revenues. And its 2015 profit after tax also exceeded its 2013 figure by 20.5%. In addition, the restructuring boosted the percentage of TRA's retail clients to 80% in 2015 compared to 40% in 2013.

SUSTAINABILITY STRATEGY

TRA's sustainability strategy ("The Way to Green Health") focuses on Vietnam's great biological diversity and rich culture of traditional medicines. The company's many efforts to improve its green supply chain include domestic herb plantations which cover nearly 80% of its input materials, improved product manufacturing, and a distribution network that weakens wholesalers' influence on retail market prices. The company strives to ensure that its long-term business growth aligns with social development and environmental protection. TRA values both foremost as foundations to the overall sustainable development of Vietnam.

ESG ACHIEVEMENTS

TRA's wholly owned subsidiary, TRA Sapa, recently became a member of the Union for Ethical Biotrade (UEBT). Its resulting commitments include ensuring that its sourcing practices promote the conservation of biodiversity, respect traditional knowledge, and assure the equitable sharing of benefits among all parties along the supply chain. Additionally, TRA has implemented the GreenPlan program, which follows GACP-WHO (Good Agriculture and Collection Practices), as instructed by the Ministry of Health in Vietnam.

Fertilizer and pesticides are strictly controlled in accordance with these standards. The GreenPlan program encourages a 4-party co-operation that includes farmers, provincial government officers, scientists and TRA. Policies from the government providing guidelines to farmers to apply GACP in the cultivation of herbs are strictly followed. TRA employed scientists provide invaluable advice and improved techniques to farmers.

Furthermore, TRA applies an ISO 9001:2008 certified quality control system, and an ISO 14001:2010 certified environmental impact control system.

In 2015, TRA organized 78 training courses mainly in GMP (good manufacturing practices), customer services, corporate culture, and sales techniques for 2,558 employees. Labor productivity increased 13.7% compared to 2014.

ESG CHALLENGES

Corporate governance remains a challenge at TRA. The company's biggest shareholder, State Capital Investment Corporation (SCIC), works closely with TRA's management in this regard. Improvement was indicated when SCIC agreed to sit with other major shareholders to discuss this issue and TRA's future.

Sustainability Report

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

OUR APPROACH

Sustainability Principles

As a long-term investor, VietNam Holding remains committed to the application of sound sustainability criteria in our value investing approach. As Vietnam's modernization continues to shape the society in which we deploy assets, major macro-shifts can be discerned, posing both challenges and opportunities. Rural development, urbanization and the growth of a more affluent demographic are examples of the trends that continue to engender change in local values and consumer patterns.

As a responsible investor, we choose to invest in enterprises that demonstrate a commitment to positive change within the communities in which they operate and serve. By investing in the growth of living standards, more inclusive economic participation and higher value-added products we can capitalize on the positive developments of our portfolio companies.

As a signatory of the UN's Principles for Responsible Investment, we avoid investments involving products and services with known negative effects. The fund's exclusion criteria cover businesses dealing in tobacco, firearms, distilled alcohol and gambling, among others. In addition, each short-listed investment is thoroughly screened for controversial business practices in an intensive due diligence process. Companies engaged in pollution, child labor, bribery or other damaging business practices are excluded from our investment consideration.

ESG Integration

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

Challenges

As in most developing markets the availability of relevant and reliable ESG information remains one of the biggest challenges for ESG integration in Vietnam. Even though some companies have been reporting on certain environmental, social and corporate governance aspects of their businesses, systematic and state-of-the art sustainability reporting frameworks remain the exception rather than the rule. Therefore it is difficult for investors in Vietnam to gather ESG data by conducting pure desk research. This is also the reason why sustainability information for emerging markets in general is scarcely covered by the large ESG data providers. We tackled this problem by collaborating with the Swiss-based sustainability rating agency Inrate to create a custom-made questionnaire for Vietnamese companies. This questionnaire forms the basis of our ESG analysis tools which VNHAM's Ho Chi Minh City based research team constantly improve upon by building an internal database containing relevant sustainability criteria.

Another major challenge is the low level of sustainability awareness at many companies. In order to address this concern, the directors of VNH and VNHAM are actively engaging with investee companies by regularly visiting them to hold high-level ESG discussions. The openness and willingness of a company to pro-actively address sustainability challenges within its business is crucial when it comes to decide if a position in our portfolio is increased, held or decreased.

Due to the country's socialist political regime, the "S" part of ESG issues is usually not a concern at local companies. The "E" aspect has enjoyed some significant coverage in the local media over the past years as Vietnam is a direct neighbor of pollution-ridden China and at the same time, as a mostly coastal country, extremely vulnerable to the rising sea levels. Finally, the "G" part, corporate governance has been the prime concern in terms of ESG investing in Vietnam as local companies are in general still far away from "Western" practices. Meager corporate governance standards were the main motivation behind the launch of the VNH Forum in 2007. This event series brings together local company executives with international experts in fields such Strategic Management, Board of Directors standards or Investor Relations. In recent years environmental and social topics were also covered.

LEAD BY EXAMPLE

Since the inception of VNH ten years ago it has been our goal to act as role models in Vietnam in the field of corporate responsibility. Proper corporate governance has been at the top of our agenda since our beginnings in 2006, and in 2007 the VNH Foundation was established to address our social concerns. Over the past years VNH has intensively looked into environmental issues as well, not only at the portfolio level but also internally. We like to think that VNH truly is a leader by example in **all three ESG aspects.**

Environmental: CO2 offsetting

VNH is very conscious of the carbon footprint of the fund as well as that of the fund management company. With offices in Vietnam and Switzerland as well as an international Board of Directors, the emission of greenhouse gases tied to VNH and VNHAM's activities is relatively high compared to the size of the organization. The Company has been offsetting its CO2 emissions since 2010 through Swiss-based South Pole Group, a leading global developer and promoter of emission reduction projects.

The carbon footprint of our business activities for the respective fiscal years is calculated by considering the international and domestic air travel of our directors and staff as well as the energy consumption of our two offices. For the past fiscal year we have estimated that the carbon footprint of our travel activity amounts to 400 tons of CO2, while the energy consumed in our offices amounts to 81 tons.

As reported in our last annual report, a member of VNHAM's investment team visited the Dak Pone hydropower plant which VNH supported in the previous years through its CO2 offsetting. As the findings of this field visit were very satisfying and encouraging, VNH decided to further support South Pole's projects in Vietnam as it is important to us that we have a positive impact in the country where we are most active.

Since the Dak Pone project did not have any available room for 2016, VNH chose to support a very similar project in Central Vietnam to offset the total 481 tons of CO2. The Tra Linh hydropower plant is located in Quan Nam Province and also fulfills South Pole's rigorous quality standards.

Social: VNH Foundation

Motivated by our dedication to social responsibility the VNH Foundation is the creation of the founders of VNH and VNHAM. Its focus is on the youth of South East Asia, and in particular Vietnam. This charity locates and supports projects that help to meet the needs and enhance the lives of disadvantaged children in the region.

Since its establishment in June 2007 the VNH Foundation has been under the supervision of the Swiss Foundation Oversight Committee. VNHAM has been donating one third of any incentive fees received from VNH to the Foundation. On top of that an increasing number of private donors are supporting it. Since 2007, the VNH Foundation has raised over USD 3.5 million to fund a wide variety of projects such as orthopedic surgeries for Agent Orange victims in Danang and a care center for homeless children in the south of Thailand.

For more information about the VNH Foundation please visit **www.vnhfoundation.com**

Governance: High Corporate Governance Standards

Corporate governance has always been a cornerstone of our organization. It is the basis of every action we take. The adherence to international best practices in this field is not only something we demand from our portfolio companies and but it is also at the core of our internal guidelines.

As an example, the two boards of VNH and VNHAM are completely segregated and independent from each other. A group-wide code of ethics as well as a conflict of interest policy are in place to institutionalize our high corporate governance standards.

Another important element of VNH's governance efforts is our active investor relations. By maintaining a regular exchange with existing and potentially new shareholders we ensure a two-way flow of information which benefits both, our investors as well as the Company.

More information on VNH's corporate governance efforts can be found in the Director's Report section (page 19).

ACTIVE OWNERSHIP

Director Engagement

The Boards of Directors of VNH and its investment manager are committed to the established practice of engaging portfolio company executives in face-to-face meetings. Each VNH and VNHAM director is assigned to selected portfolio companies according to their industry specialization. In concert with members of the investment team, they follow a systematic engagement schedule of personal meetings with the management of our portfolio companies.

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

Min Kupfer visiting Hoa Phat Group, one of Vietnam's leading steel producers.

Professor Klaus Leisinger speaking at the 10th VNH Forum about "Managing corporate reputation with responsible business practices".

The fruits of our engagement initiatives continue to be very encouraging. Following the recommendation from the Director Engagement meetings, our portfolio companies have shown an increased awareness for ESG issues and have applied best practices into their production in areas such as energy and water conservation, waste recycling, environmental and social management systems, product quality and corporate governance. A significant area of improvement is ESG information disclosure: 18 out of 23 companies disclosed their ESG information in their 2016 annual and/or sustainability reports, compared to 12 companies in the previous year. Some companies, such as Binh Minh Plastics, Century Synthetic Fiber, DHG Pharmaceutical and FPT have successfully enhanced their reporting quality by using the Global Reporting Initiative's G4 guidelines.

During the past financial year our directors attended 23 meetings with 21 different investee companies from the industry sectors VNH invests in. The topics discussed during those engagement meetings with local executives were mainly concerning information disclosure, environmental monitoring procedures, environmental and social management systems (i.e. ISO certification), carbon footprint and corporate governance. The local executives generally appreciated our suggestions regarding improvements to their operations and committed to implement these in the near future. The directors of VNH and VNHAM are fully committed to continue their active engagement program in the coming years.

Shareholder Voting

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

During this reporting period VNH attended 23 AGMs in which a total of more than 200 individual agenda items were proposed. The investment team considered each issue on the basis of strategic merit and long-term profitability.

In most cases, VNH voted for the agenda items proposed by the companies' boards of directors (BoD). We voted "No" at the AGM of two investee companies: (i) on the approval of changes to current company charter; (ii) segregation of duty between the Chairperson and the CEO. We abstained from voting in six other cases: (i) high bonus and welfare fund for mangement, (ii) high ESOP, (iii) dilution concern, (iv) segeration of chairman and CEO, (v) BoD structure, and (vi) adding members to the BoD.

VNH Forum

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

The latest Forum, which happened to be the 10th jubilee edition of this series, was held in December 2015 on the topic "Managing corporate reputation with responsible business practices". Keynote speaker, Professor Klaus Leisinger - President of the Global Value Alliance Foundation - analyzed important factors that can impact corporate reputation and brand loyalty. The following panel discussion on this topic was moderated by the renowned economist and VNH advisory council member, Dr. Le Dang Doanh. Dr. Doanh and Prof. Leisinger were joined by Mrs. Tran Anh Dao, Executive Vice President of the Ho Chi Minh Stock Exchange and Mrs. Vu Thi Thuan, Chairperson of Traphaco Joint Stock Company.

The next VNH Forum is scheduled to take place in December 2016 with a focus on environmental and climate change issues.

PORTFOLIO CARBON FOOTPRINT

Governments, civil society and an increasing number of investors are focusing on the climate impact of investment portfolios. The focus now lies on the link between capital allocation and its impact on the economy, with the need for new metrics to measure environmental performance to ultimately achieve a net decarbonisation effect.

The following assessment analyses the climate impact of VNH's portfolio. By assessing the carbon footprint of our companies, we are able to understand the level of our individual companies' emissions. These results help us to encourage the investee companies to adopt/expand green technologies, or alternatively, the aid us in the decision of divesting from companies that we cannot engage with.

South Pole Group has been tasked with measuring and analysing the carbon emissions of all listed companies that are in the VNH portfolio as at 30 June 2016. The portfolio companies' carbon footprints are analysed against the footprint of the companies figured in the VN All Share Index, which serves as VNH's benchmark.

	VNH Portfolio	VN All Share Index
Total Emissions Scope 1&2 (tCO2e)	14,823	52,209
Total Emissions Scope 1,2 & 3 (tCO2e)	57,627	161,868
Emissions (kgCO2e) per USD 100 invested	10.5	36.9
Weighted Emissions (tCO2e) / Weighted Revenue USD Million	196.1	212.9
Financed Emissions (tCO2e) / Financed Revenue USD Million	130.4	403.1

In general, the overall annual carbon footprint of the portfolio is 14'823 tons of CO2 (Scopes 1 & 2), which is 46% less carbon intense than the equivalent percentage of the VN All Share Index. With the appropriate investment strategy, VNH obtained 44.8% carbon outperformance through sector weighting and 25.8% carbon outperformance by stock picking. The outperformance of the portfolio versus the benchmark is the result of two main effects. First, VNH did not invest in the utilities sector during the reporting period; second, the selection of stocks in the materials sector also showed a strong contribution, meaning that less emission intensive alternatives were selected from this sector compared to the benchmark.

MEMBERSHIPS AND PARTNERSHIPS

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

Global Compact

VietNam Holding Asset Management has been a founding and active member of the Global Compact network in Vietnam since 2007. Part of our commitment is to report on our efforts in the field of sustainable development through Global Compact's annual Communication on Progress.

Managed by the United Nations, the Global Compact is a strategic policy initiative for companies that wish to align their activities with the ten key principles that form the core of Global Compact's mission. At VNH, we continue to do so.

UN PRI

The United Nations' Principles for Responsible Investment (PRI) is the world's leading proponent of responsible investment.

At its AGM in 2009, shareholders voted to endorse the comprehensive alignment of VNH's investment policy with the PRI. As a consequence, ESG factors are now fully incorporated into our investment analysis and engagement strategy. On top of this we report annually on our responsible investment activities through the PRI Transparency Report.

South Pole Group

South Pole Group is a Swiss-based global leader in the development of emission reduction projects, the providing of climate action solutions, and active carbon asset management.

South Pole has helped VNH to calculate its own CO2 footprint for the past six fiscal years and to identify a suitable project in Vietnam to properly and meaningfully offset harmful emissions. This year, for the first time, South Pole analyzed the VNH portfolio's carbon footprint.

Climate Change and Vietnam: Right Choices Required

Evidence firmly ranks Vietnam as one of the main countries in the world to be strongly affected by climate change.

In December 2015 at the Twenty-first Conference of Parties on Climate Change (COP21), Vietnam pledged a particularly unambitious 8% reduction in its greenhouse gas (GHG) emissions by 2030. With an unspecified amount of international financial support, it pledged an intended reduction of 25% compared to a "business as usual scenario", which in turn would amount to an increase of 3.2x the total of carbon dioxide emmissionsbetween 2010 and 2030, or 787m tons.

There are big problems to overcome in even this minimal effort. The overarching global one is that COP21 was only made possible by requiring that all such commitments be voluntary and therefore legally and even morally unenforceable. On a national level, even Vietnam's weak and uninspiring proposed 8% contribution to climate change mitigation will be challenging for a country that is likely to bear a large brunt of the consequences of global warming. Next, worrying industrial data casts great skepticism on achieving even these very modest reductions. And finally, the country is faced with a palpable knowledge gap. Most listed companies do not yet know the level of their own basic GHG emissions. The nation's environment minister recently described emissions monitoring in Vietnam as "untimely, inaccurate and infrequent".

> " According to the UN's Intergovernmental Panel on Climate Change 1.2bn people will be directly affected by rising sea levels by 2060, with Asia being hit hardest."

The weight of evidence firmly ranks Vietnam as one of the main countries in the world to be strongly affected by climate change over the remainder of this century. According to the UN's Intergovernmental Panel on Climate Change, some 1.2bn people will be directly affected by rising sea levels by 2060, with Asia being hit hardest. The IPCC cites five major countries in this regard: China, India, Bangladesh, Indonesia and Vietnam. Major littoral cities in these countries are squarely at the center of the likely economic and social consequences.

The impact on Vietnam can be broken down into three major areas: food/agriculture, industrial development, and quality of habitat and the human condition.

Fisheries & Agriculture

Some 24% of the country's population lives in districts along its 3,200km coastline. Fish is a central part of the nation's diet, and seafood exports were about USD 8bn in 2015. This equates to 5% of total exports. If we include domestic consumption, this is nearly 7% of GDP. Coastal mangroves, salt marshes and coral reefs are all endangered by rising sea levels and the tidal surges associated with typhoons and cyclones. These areas are critical to breeding marine life. The warming ocean temperatures and rising acidification associated with climate change are already causing a northern migration of fish stocks into colder Chinese or China-claimed waters. In the South China Sea, coastal fishing grounds have been depleted to 5-30% of their unexploited stocks.

> "A one metre rise in sea level would cause the inundation of up to 2m hectares or 33-50% of the region, flooding perhaps 14m residents."

Inland, 60% of Vietnam's total river flow and fully 95% of the flow of the mighty Mekong come from outside its borders, with upstream damming in China and Laos affecting flows and sediment deposits. The Mekong's water level in February this year, during the recent El Niño phenomenon, was at its lowest since 1926. A full 40-50% of the 2.2m hectares of arable land in the Mekong Delta was badly hit by salinization as a result of less river water relative to sea water concentrations. This affects river fisheries, and even more importantly rice, which is about 75% of total Vietnamese agricultural crop value. Rice is an export crop worth USD 1.6bn in 2015 and a sector contributing about 8% of GDP. Together, agriculture and fisheries in 2015 occupied 44% of the nation's population and contributed 17% of GDP.

Although Vietnam's rice yields per hectare have risen four times since the 1970s amid increasingly intensive use of fertilizers and pesticides, the outlook over the next 40 years for both yields and total plantation area is worrying. One reason is that fertilizers cannot be used any more intensively than they already are. Vietnam already ranks near the top of the world order for amount of fertilizer used per hectare. Additionally, with increased urbanization and industrialization, total rice plantation area is on a long term decline, perhaps as much as 10%

Urban flooding has become a wide spread phenomenon and a major concern in Ho Chi Minh City in recent years.

The Mekong Delta in the south of Vietnam is already experiencing the impacts of climate change.

over the next 20-30 years. Just 28% of Vietnam's overall land area is suitable for agriculture, with only two thirds of this capable of high-intensity crop production.

But most alarming of all is rising air temperatures, the risk of higher sea levels and falling river levels. These are principle causes of drought, salinization and sea inundation. Average temperature increases of 2-3 degrees centigrade over large parts of Vietnam are forecast over the coming half-century, strongly raising the risk of drought. Excessive precipitation during the wet season and extreme weather events are also forecast to rise, especially in the vital Mekong Delta which typically produces over half of the nation's rice. The low, flat topography of this region - including half of Ho Chi Minh City itself - means that a one meter rise in sea level would cause the inundation of up to 2m hectares flooding up to 14m residents.

Industrial development

Vietnam has been an industrial and economic development success story since the early 1990s. The fall in its World Bank-measured poverty rate from 60% in 1993 to 13.5% in 2014 is one of the world's fastest declines over this period. As in other successful Asian economies before it, this has been led by the strong development of export-driven processing and manufacturing. The majority of Vietnam's production capacity is in the southeast of the country, in and near the areas that could be so seriously affected by rising sea levels. As a result of combined impacts of these factors, and given its relative economic size, Vietnam may be the single most badly affected country in Asia by a modest rise in sea levels.

Quality of habitat and the human condition

A host of direct negative effects on human life result from such climate and sea level changes. They include involuntary migration, pressure on food and land resources, injury, death, malnutrition, and diseases such as malaria and dengue. Such phenomena, apart from their innate tragedy and seriousness, can be expected to cause political and social discontentment and instability. They would thereby remove a key enabling factor behind Vietnam's strong economic growth record and outlook, and replace it with a disabling one.

VIETNAM'S CONTRIBUTION TO GHG

Vietnam's global contribution to GHG emissions is small, totalling just 247m tons of carbon dioxide equivalent in 2010. This compares with 6.7bn tons in the US, 4.7bn in the EU, 9.7bn in China, and 346m in Thailand. However, estimates for future Vietnamese energy consumption have it growing by 6-9x over the next 20 years, with GHG emissions tripling over the same period.

The cynical Vietnamese policy maker or businessman might argue that Vietnam is not a major GHG emitter, and is too undeveloped to worry about the issue. This should not stop them from recognizing the bilateral and multilateral development aid for any GHG reduction that may be done. Whether this aid would go to supplement the money that will have to be spent on mitigating the effects of climate change and adapting to it remains to be seen.

This is a classic opportunity for a developing country with

> "Vietnam's global contribution to GHG emissions is small. However, they are set for an accelerated growth rate."

abundant wind, solar and hydro resources to perform a leapfrog of its energy sector to a low GHG one. In this respect, the prospect of Vietnam's demand for coal increasing at a CAGR of 23% over the period 2015-20 needs to be squeezed dramatically downwards. This could be done via an effective package of incentives to promote low-GHG energy, including natural gas, and to dissuade investment in coal-fired energy. Such a policy could lead to an internationally competitive, low-GHG energy equipment industry in Vietnam with strong export potential. As is well known, developing competitive

Climate Change and Vietnam: Right Choices Required
Continued

exports in high-growth industries is the holy grail of sustainable economic growth.

Another opportunity for Vietnam is the fact that autocratic governments retain an important advantage in their ability to conduct the far-reaching policy changes that most democracies can only dream of. Vietnam has the institutional capacity to move forcefully in such a direction. Additional budgetary costs could be amply met by a radical acceleration of the privatization of the remaining 1000-plus state owned enterprises.

We have already seen the vast improvement potential of SOEs once they join the private sector. For example, since being listed ten years ago, Vinamilk has grown its sales at a compound annual rate of 22%, its net profits by 29%, and its share price has risen 26-fold.

Beyond Vietnam's borders, China has been moving towards GHG-mitigating industries in recent years. Vietnam has done well by shadowing China, and positioning itself as the lower-cost alternative. For this to remain a potent factor, Vietnam needs to continue to move up the value curve industrially, just as China and the prior Asian economic developers have done. With respect to China, it might also strike Vietnamese policy makers that it would be wise to avoid the recent horrific environmental stresses suffered by that nation.

MAKE THE RIGHT CHOICES VIA FIAT AND FISCAL INCENTIVES

Attracting investment in solar panels, large-scale batteries, electricity storage and wind turbines should be the overriding focus of the Vietnamese government over the coming decade. A country with only 2% automobile penetration should easily be aiming for a majority of such vehicles to be electric in 10-15 years' time. A program to electrify half of the existing motorcycles in the country could cut Vietnam's current overall GHG emissions by 4.2m tons of carbon dioxide equivalent. A significant shift from private vehicles to walking, cycling, trains and buses, and from buses to water transport, would cut 13.6m tons. The urban rail projects underway in Hanoi and Ho Chi Minh City will cut an additional 1.6m tons. An energy sector set to grow more than six-fold over the next 20 years should be aiming for a vast majority of it to be low-carbon, including a place for gas and nuclear. Mandatory fuel economy standards for passenger cars should be introduced immediately, following the new labelling requirement brought in last year. A nation with a flood of enthusiastic inward foreign direct investment should be insisting on best-in-class environmental standards for the new factories being built.

The above measures, and others, should receive top priority. The Vietnamese middle class is reasonably environmentally minded and there is now a critical mass of opinion for such measures to be adhered to and supported. Many of these measures will not only generate better achievement in the rather abstract matter of GHG reduction, but they will also generate noticeable improvement in here-and-now urban pollution levels.

Vietnam's government has an impressive record of mobilizing its people towards shared or imposed objectives, from war victories against the odds to overnight observance of helmets being required while on motorcycles. In the interests of sustainable and rapid economic advancement, we urge it to devote policymaking priority to becoming a leading, clean-energy emerging economy. We wish it much success and will continue to do our part by way of market education and our own corporate action.

Data in this article was sourced from the World Bank, IMF, Asian Development Bank, German development institution GIZ, World Resources Institute, the General Statistics Office of Vietnam, McKinsey, Global Insight, and the Center for Climate and Security.

Directors' Report

Recognizing the importance of a set of sustainability principles that guides the Company and its investing, an ESG Committee was established jointly with the Investment Manager in the past year.

The Board of Directors plays a key role in the operation of VietNam Holding Ltd. In consultation with the creator of the VNH Group, Mr. Juerg Vontobel, the Board sets the Company's Founding Principles. The Board makes all policy decisions on investment strategies, environmental, social and governance matters ("ESG"), asset allocations, investment risk profiles, capital increases and profit distributions to Shareholders. It also appoints the Investment Manager, to whom it provides appropriate guidance and instruction.

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

As a Cayman Islands incorporated fund that is admitted to trading on London's AIM market, the Company is not required to and does not adhere to any official code of corporate governance. However, the Directors recognise the importance of sound corporate governance commensurate with the size of the Company and the interests of its Shareholders. In reflection of this strong belief, the Company has adopted a comprehensive code of ethics. The Directors also comply with AIM Rules and other relevant UK regulations, including the Market Abuse Regulation relating, inter alia, to directors' dealings, which came into effect on July 3, 2016. Accordingly, the Company has additionally adopted a dealing policy in accordance with AIM Rule 21.

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

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

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

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

The Audit Committee, chaired by Mr. Nguyen Quoc Khanh, is responsible for appointing the Auditors, subject to Shareholder approval, and reviewing the results of all audits. It is also responsible for establishing internal business controls and audit procedures.

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

Recognizing the importance of a set of sustainability principles that guides the Company and its investing, an ESG Committee was established jointly with the Investment Manager in the past year. The ESG Committee is chaired by Mr. Vu Quang Thinh, Vice Chairman and CEO of VietNam Holding Asset Management.

In the fiscal year 2016, the Board met quarterly and additionally held three telephonic meetings.

During this period the Board concluded that concentrating the trading activities of the Company's shares in London was likely to benefit the overall trading liquidity in the shares. Following this decision, the Company ceased the secondary listing of its shares on the Entry Standard of Frankfurt Stock Exchange as of the end of September, 2015.

Directors' Report
Continued

Given the majority of the Company's Shareholder base is located in Europe, the Board believes that it would be desirable for the Company to re-domicile from the Cayman Islands to a European jurisdiction. Having considered a number of different jurisdiction, the Directors currently believe that Luxembourg is the most appropriate jurisdiction for a re-domiciliation of the Company. A resolution will be proposed at the upcoming 2016 Annual General Meeting on 15 September, asking Shareholders to authorize the Board to continue the preparation for re-domiciling.

Concurrently with each formal meeting, the Board reviewed with the Investment Manager the status and the performance of the portfolio, including investment themes, pipelines, divestitures, industry trends and peer group performance comparisons. Following the recommendations made under the portfolio management policy of the Investment Manager, the Board approved or ratified the asset allocation limits and target position of each investment.

As part of these actions, the Board approved and monitored portfolio rebalancing activities in which the Investment Manager exited nine portfolio companies and initiated nine new investments, maintaining the number of equity holdings in the portfolio at twenty-three as of June 30, 2016. Among the exits were three investments where the Company held at least 4% of the outstanding shares of the respective portfolio companies.

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

The **Audit Committee** held four meetings in the past year in parallel with the Board meetings. In each one, the Chair of the Investment Manager's Risk Management Committee reviewed with the Audit Committee the Master Risk Matrix. In addition, it reviewed compliance reporting and evaluated risk control issues. The Committee Chairperson worked closely with the Investment Manager and its Risk & Compliance Committee to formulate the objectives and the scope of this year's internal audit, to be conducted in two phases. Phase One constituted a field test that focused on the risk management framework and assessment. It was carried out by Ernst & Young Vietnam Ltd in the second quarter of 2016. Phase Two, which is scheduled to take place in the second half of 2016, will address the Company's compliance and risk management assessment.

The **Corporate Governance Committee** also met four times in line with the quarterly board meetings. As part of each meeting's agenda, the Chairman of the Committee led the review with the Investment Manager as it presented its strategic plans, financial position, and organizational development activities. An evaluation of the Board's own undertakings together with a review of the on-going projects of the Board were also held during each meeting.

A main initiative of the Committee in the last twelve months was to set the objectives and goals of the Company for the period of 2016 – 2018. Action plans relating to each goal were also established during the Committee discussions.

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

Throughout the year, the Committee evaluated the communications between the Chairperson and the Board members, the timeliness and completeness of the Board meeting material submission, and the overall effectiveness of each Board meeting.

The **ESG Committee** met four times. It finalized the ESG Policy, the internal operational manual of the Investment Manager on Environmental, Social, and Governance integration, and upgraded the tools for ESG screening, analysis and risk management. The Committee also embarked on a project with the South Pole Group of Switzerland to assess the carbon footprint of the Company's portfolio.

In each meeting, the Committee held a comprehensive quarterly de-brief of the most recent engagement visits with the portfolio companies that were undertaken by the Directors and the Board members of the Investment Manager. A review of all ESG activities during the quarter that were pertinent to the portfolio companies was also a part of each committee meeting.

Remuneration

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

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

In 2016, the Company's Directors' Base Fees were:

Mrs. Min-Hwa Hu Kupfer	USD 60,000
Professor Rolf Dubs	USD 50,000
Mr. Nguyen Quoc Khanh	USD 50,000

These Base Fees represent an increase of USD 30,000 each to Professor Dubs and Mr. Nguyen Quoc Khanh and USD 32,000 to Mrs. Min-Hwa Hu Kupfer. For attendance in person at each Committee and Board meeting, which took place quarterly, each Director was paid USD 1,500 per day. For attending any Committee or Board meeting held telephonically, each Director was paid USD 750 per meeting. Each Director was also compensated USD 1,500 for each day of service related to Committee and Board initiatives.

The total remuneration of the Company's Directors in FY2015-16 as the result of meeting attendance and Committee work was USD 261,000 as follows:

Mrs. Min-Hwa Hu Kupfer Chairperson	USD 83,750
Professor Rolf Dubs Director & Chair of Corp. Governance Committee	USD 82,250
Mr. Nguyen Quoc Khanh Director & Chair of Audit Committee	USD 65,000

In addition, Mrs. Kupfer was awarded a USD 30,000 discretionary bonus as the Board recognized her contribution to the Company during the prior fiscal year, which ended on 30 June 2015.

Ownership of VietNam Holdings

	as of 30 June 2015		as of 30 June 2016	
	Shares	Warrants	Shares	Warrants
Mrs. Min-Hwa Hu Kupfer	36,667	-	36,667	-
Professor Rolf Dubs	30,000	10,000	35,152	10,000
Mr. Nguyen Quoc Khanh	10,000	3,333	13,468	3,333

On behalf of the Board of Directors:

Min-Hwa Hu Kupfer
Chairperson
18 August 2016

Independent Auditors' Report

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

Report on the financial statements

We have audited the accompanying financial statements of VietNam Holding Limited ("the Company"), which comprise the statement of financial position as at 30 June 2016, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 23 to 38.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2016 and the financial performance, changes in equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

kpmg llp

KPMG LLP
Public Accountants and Chartered Accountants
Singapore
18 August 2016

Statement of Financial Position

as at 30 June 2016

	Note	2016 USD	2015 USD
Assets			
Cash and cash equivalents		5,281,215	4,146,270
Investments in securities at fair value	3	143,391,112	120,754,647
Accrued dividends		832,445	500,219
Receivables on sale of investments		3,055,954	620,123
Other receivables		24,840	2,123
Total assets		**152,585,566**	**126,023,382**
Equity			
Share capital	5	105,477,448	114,375,064
Retained earnings		41,398,421	9,984,471
Total equity, representing net assets attributable to shareholders		**146,875,869**	**124,359,535**
Liabilities			
Payables on purchase of investments		1,124,964	955,420
Other payables		137	144
Accrued expenses		4,584,596	708,283
Total liabilities		5,709,697	1,663,847
Total equity and liabilities		**152,585,566**	**126,023,382**

The financial statements on pages 23 to 38 were approved by the Board of Directors on 18 August 2016 and were signed on its behalf by

Min-Hwa Hu Kupfer
Chairperson of the Board of Directors

Nguyen Quoc Khanh
Chairman of the Audit Committee

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

Statement of Comprehensive Income

for the year ended 30 June 2016

	Note	2016 USD	2015 USD
Dividend income from equity securities at fair value through profit or loss		4,247,751	4,070,467
Net gain from investments in securities at fair value through profit or loss	7	35,428,336	9,990,217
Net foreign exchange loss		(44,734)	(125,693)
Interest income from investments in securities		76,657	-
Net investment income		**39,708,010**	**13,934,991**
Investment management fees	8	2,460,388	2,444,321
Incentive fees	8	4,542,553	580,890
Advisory fees		143,345	185,162
Administrative and accounting fees	10	95,073	93,032
Custodian fees	9	122,024	141,333
Directors' fees and expenses	8	376,336	317,586
Brokerage fees		67,734	71,822
Audit fees		40,580	36,457
Publicity and investor relations fees		103,772	160,510
Insurance costs		15,500	15,500
Administrative expenses		206,643	199,860
Risk management expenses		45,884	67,626
Technical assistance for investee companies		74,228	28,783
Total operating expenses		**8,294,060**	**4,342,882**
Change in net assets attributable to shareholders		**31,413,950**	**9,592,109**
Basic earnings per share	14	0.55	0.16
Diluted earnings per share	14	0.53	0.16

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

Statement of Changes in Equity

for the year ended 30 June 2016

	Share capital USD	Reserve for own shares USD	Retained earnings USD	Total USD
Balance at 1 July 2014	**126,127,956**	**(6,033,625)**	**392,362**	**120,486,693**
Total comprehensive income for the year				
Change in net assets attributable to shareholders	–	–	9,592,109	9,592,109
Total comprehensive income	**–**	**–**	**9,592,109**	**9,592,109**
Contributions and distributions				
Issuance of ordinary shares	95,445	–	–	95,445
Shares cancellation	(292,655)	292,655	–	–
Repurchase of own shares (note 5)	–	(5,672,230)	–	(5,672,230)
Warrants issuance cost	(142,482)	–	–	(142,482)
Total contributions and distributions	**(339,692)**	**(5,379,575)**	**–**	**(5,719,267)**
Balance at 30 June 2015	**125,788,264**	**(11,413,200)**	**9,984,471**	**124,359,535**
Balance at 1 July 2015	125,788,264	(11,413,200)	9,984,471	124,359,535
Total comprehensive income for the year				
Change in net assets attributable to shareholders	–	–	31,413,950	31,413,950
Total comprehensive income	**–**	**–**	**31,413,950**	**31,413,950**
Contributions and distributions				
Issuance of ordinary shares	129,871	–	–	129,871
Repurchase of own shares (note 5)	–	(8,630,599)	–	(8,630,599)
Warrants issuance cost	(396,888)	–	–	(396,888)
Total contributions and distributions	**(267,017)**	**(8,630,599)**	**–**	**(8,897,616)**
Balance at 30 June 2016	**125,521,247**	**(20,043,799)**	**41,398,421**	**146,875,869**

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

Statement of Cash Flows

for the year ended 30 June 2016

	Note	2016 USD	2015 USD
Cash flows from operating activities			
Change in net assets attributable to shareholders		31,413,950	9,592,109
Adjustments to reconcile change in net assets attributable to shareholders to net cash from operating activities:			
Dividend income		(4,247,751)	(4,070,467)
Interest income		(76,657)	–
Net gain from investments in securities at fair value through profit or loss		(35,428,336)	(9,990,217)
Purchase of investments		(47,964,534)	(52,747,130)
Proceeds from sale of investments		60,925,949	60,858,987
Net foreign exchange loss		44,734	125,693
(Increase)/decrease in receivables on sale of investments		(2,435,831)	70,813
Increase/(decrease) in accrued expenses		4,006,184	(409,130)
(Decrease)/increase in other payables		(7)	144
Dividends received		3,915,525	4,196,059
Interest received		53,973	–
Net cash from operating activities		**10,207,199**	**7,626,861**
Cash flows from financing activities			
Repurchase of own shares	5	(8,630,599)	(5,672,230)
Warrants issuance cost		(396,888)	(142,482)
Net cash used in financing activities		**(9,027,487)**	**(5,814,712)**
Net increase in cash and cash equivalents		**1,179,712**	**1,812,149**
Cash and cash equivalents at beginning of the year		4,146,270	2,459,814
Effect of exchange rate fluctuations on cash held		(44,767)	(125,693)
Cash and cash equivalents at end of the year		**5,281,215**	**4,146,270**

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

Notes to the Financial Statements

Year ended 30 June 2016

1. THE COMPANY

VietNam Holding Limited ("VNH" or "the Company") is a closed-end investment holding company incorporated on 20 April 2006 as an exempt company under the Companies Law in the Cayman Islands and commenced its operations on 15 June 2006, to invest principally in securities of former State-owned Entities ("SOEs") in Vietnam, prior to, at or after the time such securities become listed on the Vietnam stock exchange, including the initial privatisation of the SOEs. The Company may also invest in the securities of private companies in Vietnam, whether Vietnamese or foreign owned, and the securities of foreign companies if a significant portion of their assets are held or operations are in Vietnam.

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

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

VietNam Holding Asset Management Limited ("VNHAM") has been appointed as the Company's Investment Manager and is responsible for the day-to-day management of the Company's investment portfolio in accordance with the Company's investment policies, objectives and restrictions.

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

The registered office of the Company is Collas Crill Corporate Services Limited, Floor 2, Willow House, Cricket Square, PO Box 709, George Town, Grand Cayman, Cayman Islands, KY1-1107.

2 PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with the 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 listing of the shares on the AIM market of the London Stock Exchange is in USD as well. 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 preparation of financial statements in accordance with IFRS as adopted by the European Union requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Notes to the Financial Statements

Year ended 30 June 2016

2 PRINCIPAL ACCOUNTING POLICIES (continued)

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

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

(c) Foreign currency translation

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

(d) Financial instruments

(i) Classification

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

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

Cash and cash equivalents are measured at amortised cost.

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

(ii) Recognition

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

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

(iii) Derecognition

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

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

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

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

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

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

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

As at 30 June 2016, nil% (2015: 3.1%) of the valuations of the net assets of the Company were based on quotes obtained from brokers, while 1.3% (2015: nil%) of the valuations of the net assets of the Company were based on valuation techniques.

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

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

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

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

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

(e) Offsetting

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

(f) Amounts due to/from brokers

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

Notes to the Financial Statements

Year ended 30 June 2016

2 PRINCIPAL ACCOUNTING POLICIES (continued)

(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 effects.

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

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

(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 reporting date, 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 taxes levied by the same tax authority on the same taxable entity.

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

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

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

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

(i) Interest income and expense

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

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

(j) Dividend income

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

(l) Earnings per share

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all potentially dilutive ordinary shares, which comprise warrants granted to shareholders.

3 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

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

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

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

Market risk

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

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

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

	2016		2015	
	Fair value in USD	% of net assets	Fair value in USD	% of net assets
Investments in listed securities	141,479,379	96.3%	116,850,605	94.0%
Investments in unlisted securities	1,911,733	1.3%	3,904,042	3.1%
	143,391,112	**97.6%**	**120,754,647**	**97.1%**

At 30 June 2016, a 5% reduction in the market value of the portfolio would have led to a reduction in NAV and profit or loss of USD7,169,556 (2015: USD6,037,732). A 5% increase in market value would have led to an equal and opposite effect on NAV and profit or loss.

Notes to the Financial Statements

Year ended 30 June 2016

3 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Currency risk

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

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

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

As at 30 June 2016, the Company had the following foreign currency exposures:

	Fair value	
	2016 USD	2015 USD
Vietnamese Dong	149,607,240	122,940,708
Pound Sterling	748	24,575
Swiss Franc	-	26,470
Euro	2,319	14,469
	149,610,307	**123,006,222**

At 30 June 2016, a 5% reduction in the value of the Vietnamese Dong, Pound Sterling, Swiss Franc, Euro versus the US Dollar would have led to a reduction in NAV and profit or loss of USD7,480,362 (2015: USD6,147,035), USD37 (2015: USD1,229), USDnil (2015: US1,324) and USD116 (2015: USD723) respectively. A 5% increase in value would have led to an equal and opposite effect.

Interest rate risk

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

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

Credit risk

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

At 30 June 2016, the following financial assets were exposed to credit risk (including settlement risk): cash and cash equivalents, investments in unlisted securities, accrued dividends, receivables on sale of investments and other receivables. The total amount of financial assets exposed to credit risk amounted to USD11,106,187 (2015: USD5,268,735).

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

Liquidity risk

The Company, a closed-end investment company, invests in companies through listings on the Vietnam stock exchanges. There is no guarantee however that the Vietnam stock exchanges will provide liquidity for the Company's investments. The Company also invests in equity securities which are not listed on stock exchanges. The Company may have to resell such investments in privately negotiated transactions.
The Company's overall liquidity risks are monitored on at least a quarterly basis by the Board. The Company is a closed-end investment company so shareholders cannot redeem their shares directly from the Company.

4 OPERATING SEGMENTS

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

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

All of the Company's investments in securities at fair value are in Vietnam as at 30 June 2016 and 30 June 2015. All of the Company's investment income can be attributed to Vietnam for the years ended 30 June 2016 and 30 June 2015.

5 SHARE CAPITAL

Ordinary shares of USD1 each

The ordinary shares have been created pursuant to the Companies Law in the Cayman Islands. The Company was incorporated with an authorised share capital of USD100,000,000 divided into 100,000,000 ordinary shares of USD1 each. On 23 September 2010, during its Annual General Meeting, the shareholders approved that the Company's authorised share capital be increased by USD100,000,000, divided into 200,000,000 shares of a nominal or par value of USD1.00 each. According to the Companies Law and articles of association, the Company may from time to time redeem all or any portion of the shares held by the shareholders upon giving notice of not less than 30 calendar days to the shareholders.

On 6 June 2006, the Board resolved that 56,250,000 ordinary shares would be allotted at a placing price of USD2 per ordinary share.

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 and 2015.

	2016 No. of shares	2015 No. of shares
Total shares issued and fully paid (after repurchases and cancellations) at beginning of the year	67,235,739	67,537,240
Shares issued upon exercise of warrants during the period	35,927	–
Shares cancellation	(1,929,046)	(301,501)
	65,342,620	67,235,739
Repurchased and reserved for own shares		
At beginning of the year	(7,819,500)	(4,815,215)
During the year	(4,629,554)	(3,369,285)
Shares reissued to ordinary shares	32,335	63,499
Shares cancellation	1,929,046	301,501
	(10,487,673)	(7,819,500)
Total outstanding ordinary shares with voting rights	**54,854,947**	**59,416,239**

As a result, as at 30 June 2016 the Company has 54,854,947 (2015: 59,416,239) ordinary shares with voting rights in issue (excluding the reserve for own shares), and 10,487,673 (2015: 7,819,500) are held as reserve for own shares.

The Company does not have any externally imposed capital requirements.

Notes to the Financial Statements

Year ended 30 June 2016

5 SHARE CAPITAL (continued)

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

Warrants

On 19 May 2015, the Company issued a Prospectus for a bonus issue of warrants to shareholders pro rata, on the basis of one warrant for every three ordinary shares held. The exercise dates of these warrants will be on 1 June 2016, 1 December 2016 and 1 June 2017 with the exercise price of USD1.998. A total of 19,977,746 warrants were issued and admitted to trading on the AIM Market. As at 30 June 2016, 19,941,819 (2015: 19,977,746) warrants are outstanding. During the year, there was an exercise of 35,927 (2015: none) warrants to subscribe for 35,927 ordinary shares at a price of USD1.998 per ordinary share.

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

6 NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

Total equity of USD146,875,869 (2015: USD124,359,535) represents net assets attributable to shareholders. There is no difference between net assets attributed to shareholders calculated as per the prospectus and in accordance with the Company's policy (2015: none).

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

	2016 USD	2015 USD
Net gain from equity securities at fair value through profit or loss:		
Realised gain	2,625,360	16,802,070
Adjustment to fair value of equity securities at fair value through profit or loss	32,802,976	(6,811,853)
	35,428,336	**9,990,217**

8 RELATED PARTY TRANSACTIONS

Investment management fees

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

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

The management fee accruing to the Investment Manager for the year to 30 June 2016 was USD2,460,388 (2015: USD2,444,321)..

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 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

	2016 USD	2015 USD
Performance fee	4,542,553	580,890

Directors' fees and expenses

The Board determines the fees payable to each Director, subject to a maximum aggregate amount of USD350,000 per annum being paid to the Board as a whole. The Company also pays reasonable expenses incurred by the Directors in the conduct of the Company's business including travel and other expenses. The Company pays for directors and officers liability insurance coverage.

The charges for the year for the Directors fees were USD261,000 (2015: USD224,500) and expenses were USD115,336 (2015: USD93,086).

Directors' ownership of shares and warrants

As at 30 June 2016, three Directors, Min-Hwa Hu Kupfer, Nguyen Quoc Khanh and Rolf Dubs held 36,667 (2015: 36,667), 13,468 (2015: 10,000) and 35,152 (2015: 30,000) ordinary shares of the Company respectively, representing 0.06% (2015: 0.06%), 0.02% (2015: 0.02%) and 0.06% (2015: 0.05%) of the total shares outstanding.

During the year, Min-Hwa Hu Kupfer, Nguyen Quoc Khanh and Rolf Dubs exercised nil (2015: nil), 3,333 (2015: nil) and 10,000 (2015: nil) warrants to subscribe ordinary shares, amounting to 13,333 (2015: nil) and 0.07% (2015: nil) of the total warrants issued respectively.

9 CUSTODIAN FEES

Custodian fees are charged at a minimum of USD12,000 per annum and received as a fee at 0.08% on the assets under administration ("AUA") per annum. Custodian fees comprise safekeeping fees, transaction fees, money transfer fees and other fees. Safekeeping of unlisted securities up to 20 securities is charged at USD12,000 per annum. Transaction fees, money transfers fees and other fees are charged on a transaction basis.

The charges for the year for the Custodian fees were USD122,024 (2015: USD141,333).

10 ADMINISTRATIVE AND ACCOUNTING FEES

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

The charges for the year for the Administration and Accounting fees were USD95,073 (2015: USD 93,032).

Notes to the Financial Statements

Year ended 30 June 2016

11 CONTROLLING PARTY

The Directors are not aware of any ultimate controlling party as at 30 June 2016 or 30 June 2015.

12 FAIR VALUE INFORMATION

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

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

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

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

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

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
2016				
Financial assets classified at fair value upon initial recognition				
Equity investments	126,523,082	14,956,297	1,911,733	143,391,112
2015				
Financial assets classified at fair value upon initial recognition				
Equity investments	116,337,749	4,416,898	–	120,754,647

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 (2016: 9.5%; 2015: nil); • Dividend yield (2016: 5.91%; 2015: nil)	The estimated fair value will increase (decrease) if: • the risk-adjusted discount rate was lower (higher); • the dividend yield was lower (higher)

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

Level 3 reconciliation

Financial assets designated at fair value through profit or loss	2016 USD	2015 USD
Balance at 1 July	–	1,394,749
Purchases	1,790,510	–
Transfers to level 1	–	(1,394,749)
Total gains and losses recognised in profit or loss *	121,223	–
Balance at 30 June	**1,911,733**	**–**

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

13 CLASSFICATIONS AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

	Note	Fair value through profit or loss USD	Loans and receivables USD	Other liabilities USD	Total carrying amount USD
2016					
Cash and cash equivalents		–	5,281,215	–	5,281,215
Investments in securities at fair value	3	143,391,112	–	–	143,391,112
Accrued dividends		–	832,445	–	832,445
Receivables from sale of investments		–	3,055,954	–	3,055,954
Other receivable		–	24,840	–	24,840
		143,391,112	**9,194,454**	**–**	**152,585,566**
Payables on purchase of investments		–	–	1,124,964	1,124,964
Other payable		–	–	137	137
Accrued expenses		–	–	4,584,596	4,584,596
		–	**–**	**5,709,697**	**5,709,697**
2015					
Cash and cash equivalents		–	4,146,270	–	4,146,270
Investments in securities at fair value	3	120,754,647	–	–	120,754,647
Accrued dividends		–	500,219	–	500,219
Receivables from sale of investments		–	620,123	–	620,123
Other receivable		–	2,123	–	2,123
		120,754,647	**5,268,735**	**–**	**126,023,382**
Payables on purchase of investments		–	–	955,420	955,420
Other payable		–	–	144	144
Accrued expenses		–	–	708,283	708,283
		–	**–**	**1,663,847**	**1,663,847**

Notes to the Financial Statements

Year ended 30 June 2016

14 EARNINGS PER SHARE

The calculation of basic earnings per share at 30 June 2016 was based on the change in net assets attributable to ordinary shareholders of USD 31,413,950 (2015: USD 9,592,109) and the weighted average number of shares outstanding of 57,315,656 (2015: 60,782,065). The calculation of diluted earnings per share at 30 June 2016 was based on the change in net assets attributable to ordinary shareholders of USD 31,413,950 (2015: USD 9,592,109) and the diluted weighted average number of shares outstanding of 59,095,991 (2015: 60,782,065). As at 30 June 2015, 19,977,746 warrants were excluded from diluted weighted average number of shares calculation as their effect would have been anti-dilutive.

15 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

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

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

Key Parties

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Professor Dr. Rolf Dubs
Nguyen Quoc Khanh

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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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ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

VietNam Holding

Annual Report 2017

Reducing the discount of the share price to NAV remains a priority. During the year, the discount improved slightly, from 20.6% at the start of the financial year to 18.1% as at 30 June 2017. A total of approximately 2.1 million shares were purchased by the Company to be held in treasury (2016: 4.6 million) and 2.5 million treasury shares were subsequently cancelled (2016: 1.9 million) during the year. 631,684 treasury shares were reissued to Vietnam Holding Asset Management as incentive fees paid in shares, in respect of the 2016 financial year. There were 9.4 million shares in treasury at 30 June 2017 (2016: 10.5 million), compared with total shares outstanding of 73.3 million (2016: 54.9 million).

Min-Hwa Hu Kupfer, Chairperson
VietNam Holding Limited

Performance

1 July 2016 to 30 June 2017

7.2% **NAV per share**

10.6% **VNH Share Price**

12% NAV underperformance of benchmark (VNAS USD adjusted)

Share price discount to NAV improved from 20.6% to 18.1%

VNH is principally a value investor and has applied that strategy since inception. Accordingly, the fund manager's primary concern is to achieve long-term capital appreciation by investing in a diversified portfolio of companies that have high growth potential at an attractive valuation. This implies that VNHAM will ignore the overvalued companies, even though these may appear attractive in the short term.

Jean-Christophe Ganz, Chairman
VietNam Holding Asset Management Limited

Chairperson's Statement

We take a long term approach, believing that a minimum three year investment horizon is needed for maximizing long term risk-adjusted returns.

Dear Shareholders,

Our financial year ended 30 June 2017 could be a rather complicated one to describe in terms of NAV per share growth, because of the final exercise date of our 1-for-3 warrants issue having taken place on 1 June 2017. For simplicity, in the table below, we present NAV per share growth over the last 5 years to 30 June 2017 in original, unadjusted form, alongside share price growth and the growth in the Vietnam All Share (VNAS) Index. The financial year-end absolute NAV per share for the Company amounted to USD 2.872.

Periods to 30 June '17	NAV/Share % growth (USD)	Share Price % growth (USD)	VNAS Index % growth (USD)
1 year	7.2	10.6	19.2
2 years	37.2	30.5	27.8
3 years	49.5	60.8	30.2
4 years	74.3	89.8	49.8
5 years	121.8	122.4	60.7

The 7.2% increase in NAV per share for the year comprises a 17.4% "core" gain (after fees) from our portfolio management activities less a 10.2% negative impact arising from the dilutive effect of the recent warrants issue. Although VNH`s two warrant issues over the past five years have played an important part in raising the total assets of the fund to a solid level of financial sustainability, their dilutive impact on NAV per share has led the board at this stage to decide not to undertake any additional warrant issues for the foreseeable future.

> "Reducing the discount of the share price to NAV remains a priority. During the year, the discount improved slightly, from 20.6% at the start of the financial year to 18.1% as at 30 June 2017"

Our NAV per share relative to index and peers in the past year has not performed as well as previous years – our NAV per share growth underperformed the index in a full financial year for the first time since 2009. We ascribe this to three factors: (a) a globally better performance from "growth" rather than "value" equity strategies in the past several quarters; (b) some excellent short term share price performances from a number of recent large-capitalisation Vietnamese IPO's during the period, which in most cases sported inflated valuations; and (c) a few cases of robust share price performance from existing major stocks, notably in banks and construction, that we were slow to see value in, and in some cases still do not. We are using our recent experience to inform our future outlook, making adjustments but without deviating from our strict value investing philosophy. As a closed ended fund, we take a long term approach, believing that a minimum three year investment horizon is the appropriate one (rather than one year) for maximising long term risk-adjusted returns.

In the recently completed warrant exercise period, all warrants were taken up, either by existing shareholders or by new investors, with those shareholders who did not exercise compensated for the value of their unused warrants. From this source, the asset value of the fund was increased by nearly USD 40 million, to a total of USD 210.5 million as of 30 June 2017.

Reducing the discount of the share price to NAV remains a priority. During the year, the discount improved slightly, from 20.6% at the start of the financial year to 18.1% as at 30 June 2017. A total of approximately 2.1 million shares were purchased by the Company to be held in treasury (2016: 4.6 million) and 2.5 million treasury shares were subsequently cancelled (2016: 1.9 million) during the year. 631,684 treasury shares were reissued to Vietnam Holding Asset Management as incentive fees paid in shares, in respect of the 2016 financial year. There were 9.4 million shares in treasury at 30 June 2017 (2016: 10.5 million), compared with total shares outstanding of 73.3 million (2016: 54.9 million).

We have resolved to change our policy on treasury shares, whereby we shall cancel them as soon as possible after they are purchased, rather than the previous policy of keeping them in treasury for three years with a possibility of reselling them at a lower discount compared to the weighted average purchase discount of the pool. This proposed change of policy will be presented to shareholders at our next annual general meeting to be held in September 2017.

> “The year has been characterised by increasing foreign investor attention to the Vietnamese stock markets.”

The year has been characterised by increasing foreign investor attention to the Vietnamese stock markets. Daily turnover on the three exchanges has averaged a new record of USD 195 million in the first half of calendar 2017, with net foreign inflows significantly high at USD 438 million over this period.

Although valuations have tended to increase, they have not reached concerning levels in aggregate, due to strong double digit earnings per share growth over the past 12 months. The VNAS at 30 June 2017 sat on a trailing price/earnings ratio of 13.5x, a high level compared to the past five years, but hardly an alarming level.

Meanwhile, Vietnamese GDP growth is heading for another excellent year exceeding 6%, and signs abound of a middle class consumer boom that is changing the face of the nation. This is reflected in unprecedented busy streets, roads, shops and restaurants. Foreign tourist arrivals to Vietnam are growing at 30% year-on-year, and likewise domestic tourism is booming too. Foreign direct investment growth (6% YoY for disbursals in the first half of 2017) and export growth (19%) both remain buoyant. Additionally, we are experiencing a stable currency (down only 1.9% versus the dollar over the past 12 months), modest and steady interest rates (4.9% for the five year government bond), and an ideal low inflation rate (2.5% in June YoY).

There are two important reform areas for the government in the coming quarters, which if successfully undertaken will support the solid outlook for the economy and stock market. Firstly, a law has just been passed to improve the power of creditors to seize and sell collateral behind non-performing loans, or indeed the ability to sell the loans. Time will tell if it has teeth. Secondly, follow-on stake sales in a number of listed state owned enterprises are required, in order for these privatisations to amount to more than window-dressing in economic terms and to meaningfully deepen the ability to invest in the stock market. Continued major expansion in foreign portfolio investor interest in Vietnam is dependent on a good rate of progress in such matters.

Thanks to our shareholders for your support, and to Vietnam Holding Asset Management for its continued overall creditable performance.

Min-Hwa Hu Kupfer, Chairperson
VietNam Holding Limited
18 August 2017

Investment Manager’s Report

VNH is principally a value investor and has applied that strategy since inception.

Success in investment management at the highest level is no easy task. In its pursuit, VietNam Holding Asset Management Ltd (VNHAM) had an eventful past fiscal year. One significant and very positive event was the achievement by VietNam Holding Ltd (VNH), the largest fund managed by VNHAM, in reaching the historical milestone of a total Net Asset Value above USD 200 million. This was greatly assisted by the very successful exercise in June 2017 of warrants issued in 2015. We take this opportunity to thank all the VNH investors for the trust and support demonstrated by their participation in that offering.

Not all events were so positive. For the first time since 2009, VNH did not outperform its benchmark index. While the Vietnam All Share Index (VNAS) rose by an impressive 21.47% during the last fiscal year, the VNH Unadjusted NAV/Share showed a performance of 17.46% for the same period. The Vietnam Index (VNI), which includes all stocks listed on the Ho Chi Minh City Stock Exchange, irrespective of their free float and tradability, rose by 22.81%. Regrettably, VNH also significantly underperformed most of its peers.

> “ One significant and very positive event was the achievement by VietNam Holding Ltd (VNH), the largest fund managed by VNHAM, in reaching the historical milestone of a total Net Asset Value above USD 200 million. ”

VNH is principally a value investor and has applied that strategy since inception. Accordingly, the fund manager’s primary concern is to achieve long-term capital appreciation by investing in a diversified portfolio of companies that have high growth potential at an attractive valuation. This implies that VNHAM will ignore the overvalued companies, even though these may appear attractive in the short term.

Four out of the five biggest contributors to the underperformance of VNH versus the VNI were trading at more than 20x trailing PE as of 30 June 2017. Vinamilk (HOSE: VNM) and Vietcombank (HOSE: VCB) prices were pushed up as they were top priorities for both long term and index funds seeking Vietnam exposure. SABECO (Saigon Beer-Alcohol-Beverages Corporation - HOSE: SAB), a long awaited large SOE listed in late 2016, is an interesting story. The stock attracted a great deal of attention from both retail and institutional investors thanks to a considerable pre-listing hype. Although the long term outlook of the alcoholic beverage sector is still positive, its valuation was pushed up to nearly 30x following their listing, mostly driven by a very small free float. FLC Faros Construction (HOSE: ROS) is a rather speculative stock with a corporate governancethat we consider unsuitable for VNH. ROS’ share price gained more than 1,200% to its peak and then lost 50% within a year. As for Petrovietnam GAS (HOSE: GAS), the stock is deemed to be the best representative of the oil and gas sector in Vietnam and has a high correlation to the crude oil price; the outperformance of the stock could be explained by the high volatility of the crude oil price in the period.

Although the stocks mentioned above were a major constituent of the VNI increase, none of them feature in the VNAS Index. Nonetheless, the increase in the VNAS was also driven by a limited number of tickers that did not qualify for VNH’s portfolio, mainly due to overpricing, poor long-term perspectives, corporate governance issues, or full Foreign Ownership Limit. These included stocks such as Thanh Cong Textile JSC (113% price increase), Bien Hoa Sugar JSC (98%), Hoa Binh Construction JSC (94%), Hoang Anh Gia Lai Agriculture JSC (76%), Refrigeration Electrical Engineering JSC (37%) and several banks and construction companies.

> “ From a shareholders’ perspective however, VNH has continued to perform well. Over the past 5 years, the VNH share price has substantially outperformed key Asian indices ”

We underestimated the potential growth of some well-known tickers such as Vinamilk , Mobile World Group (MWG) and Military Bank (MBB). VNHAM has reviewed these calls and increased VNH’s exposure to a select number of banks with the best margins of safety. VNHAM has also been slow in divesting a number of stocks such as Century Synthetic Fiber Corp., Danang Rubber JSC and Nhon Trach 2 JSC. The company has since fully divested the underperforming stocks and successfully rebalanced the VNH portfolio to both correct mistakes and optimally deploy the new funds resulting from the warrants exercise. The performance of VNH compared to the VNAS during Q2 2017 appears to support this course of action.

From a shareholders’ perspective however, VNH has continued to perform well. Over the past 5 years, the VNH share price has substantially outperformed key Asian indices, including the VNAS, the MSCI Asia ex Japan, the Shanghai Composite, the Manila, Bangkok, Jakarta as well as the Bombay Composites - by quite a margin.

Looking forward, Vietnam’s market is likely to remain under the influence of a few standout stocks for the months to come. Indeed, the projected EPS growth of the VNI, adjusted to exclude its most highly valued stocks Sai Gon Thuong Tin Commercial JSC, Export Import Commercial Joint Stock Bank and Vingroup JSC, illustrates that the projected EPS growth of the rest of the market remains below that of VNH’s portfolio.

Many of these listed companies that show high price-earnings-ratios but not commanding EPS growth projections, remain ineligible for VNHAM as long as we continue to adhere to our value investment principles. Notwithstanding the fact that the short-term performance of these tickers may appear to be an enticing argument for a change in strategy, VNHAM continues to believe that small- and mid-cap companies with more sustainable EPS growth represent the wiser path to success in the long term. VNHAM does not intend to divert from a strategy that has served its funds so well for almost a decade.

In contrast to the companies mentioned above, we present in the Company Profiles section of this Annual Report five current VNH portfolio companies. They are examples of what VNHAM considers to be the kind of proper, small- and mid-cap companies with sustainable EPS growth that have made VNH a success story.

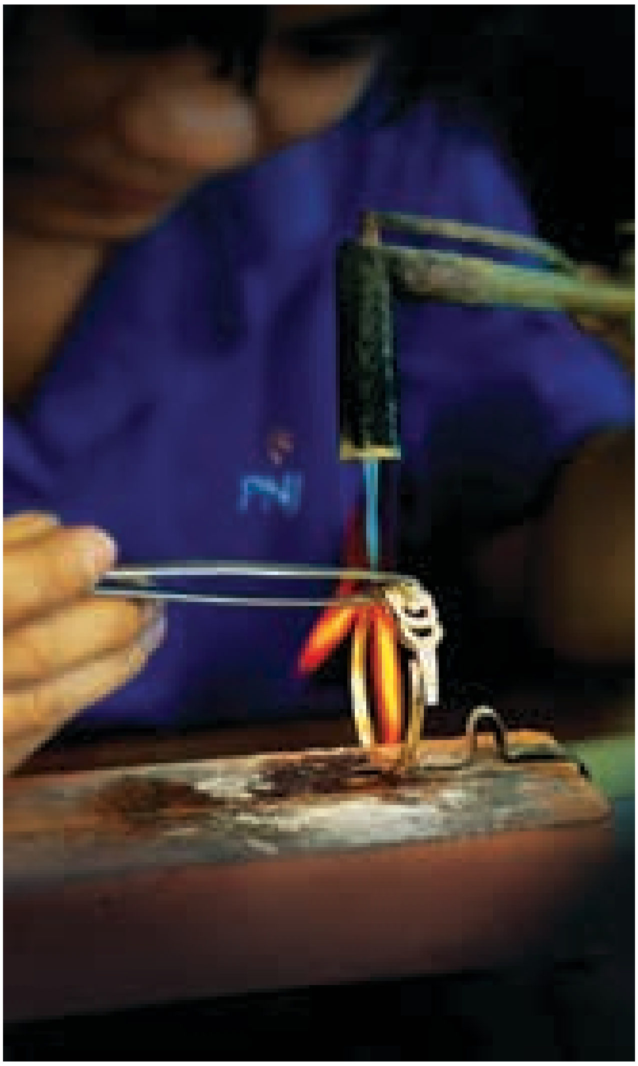
We are confident that stocks like these will continue to be the correct choice for value investing in the years to come, and that this will be the case in both the healthy and challenging markets we are sure to encounter. Our sincere thanks to the funds and the shareholders who continue to entrust us with that important decision.

Jean-Christophe Ganz, Chairman
VietNam Holding Asset Management Limited
18 August 2017

Portfolio Companies

VCB New branch opening in Hanoi

VHC Production and processing of aquatic products



Skilled **PNJ** goldsmith

HPG Hoa Phat Steel Integrated Complex in Hai Duong

VCI's 2016 award from FinanceAsia

HOA PHAT GROUP (HPG)

SHARE INFORMATION (AS AT 30 JUNE 2017)	
Stock Exchange	HOSE
Date of listing	15 November 2007
Market capitalization (USD million)	2,136
Free float	58%
Foreign ownership	39%
2017 price/earnings ratio	7.0x

VIETNAM HOLDING'S INVESTMENT	
Date of first investment	20 June 2013
Ownership	0.7%
Percentage of NAV	6.9%
Internal rate of return (annualized)	35.6%

FINANCIAL INDICATORS	2015	2016
Equity capital (USD million)	643.3	871.7
Revenues (USD million)	1,253.3	1,488.1
Revenue growth (in VND)	3.9%	18.7%
EBIT (USD million)	201.2	351.2
NPAT (USD million)	159.1	295.1
EPS (VND)	2,450	4,470
EPS growth	5.2%	82%
Gross margin	20.3%	26.2%
EBIT margin	16.0%	23.6%
ROE	25.2%	35.3%
D/E	0.5x	0.3x
Current ratio	1.2x	1.5x

Sources: Annual Reports and Bloomberg

ABOUT THE COMPANY

Through a 25-year history with numerous accomplishments, Hoa Phat Group has established a strong position as Vietnam's leading steel producer and contributed significantly to the development of the steelmaking industry in Vietnam. HPG started as a trading company, and today is one of the spearheads of the privatized, industrial manufacturing groups in Vietnam specializing in the production of steel, steel pipe, office furniture and equipment. Steelmaking continues to be the core business and contributes over 80% of total revenue and profit. In 2016, HPG held a local market share of 22% and 26%, respectively in construction steel and steel pipes.

As of 31 December 2016, HPG had 12 subsidiaries with a large workforce of 12,886 employees, up +10% YoY.

RECENT DEVELOPMENTS

HPG reported impressive results with revenue and profit growth of 34% and 89% YoY respectively in 2016. This was mainly driven by construction steel and steel pipes. HPG sold over 1.8 million tons of steel, an increase of 30% YoY, exceeding the annual target of 10%. HPG achieved this by finalizing phase III of the Hoa Phat Steel Integrated Complex. Other traditional segments including office furniture and equipment increased their market coverage through the development of new added value products and the enhancement of sales and marketing forces. The Company made further investments in the agriculture business to build its third animal feed factory, another step in reaching a capacity of 1 million tons of feed product per year, or 5% of market share.

SUSTAINABILITY STRATEGY

Operating in an industrial sector which requires significant energy input, HPG's sustainability development strategy focusses on applying different solutions to save and reuse energy efficiently, improving production and business processes and protecting the environment.

ESG ACHIEVEMENTS

In order to reach the set targets in energy saving and environmental protection, HPG has applied mechanisms to collect iron dust and reuse the blast furnace. Additionally, waste gas is recovered to run the generator turbine of an internal thermal power plant that covers 40% total power demand of the Integrated Complex. These solutions have helped to save 30-40% of electricity consumption and 20-30% of fuel consumption in HPG's production lines. HPG has also upgraded its sewage treatment system to ensure the company meets the highest standard of QCVN 40:2011, which was issued by the Ministry of Natural Resources and Environment.

In 2016, the company spent nearly USD 1 million on social responsibility campaigns such as "Heartbeat love", "Free meal-honorable heart", "Hand in hand to school" and "The good leaves protect the worn-out leaves".

ESG CHALLENGES

Although HPG has applied many solutions for energy saving and environmental protection, it still faces the challenges of minimizing environmental pollution from the steelmaking production process. Whilst being compliant with all local environmental standards, the Company should aim to achieve compliance in more advanced, international industry standards. HPG should also strive to measure the carbon footprint emission of its current energy usage, compare it with the sector benchmark and apply appropriate strategies to mitigate the effects.

PHU NHUAN JEWELRY (PNJ)

SHARE INFORMATION (AS AT 30 JUNE 2017)	
Stock Exchange	HOSE
Date of listing	23 March 2009
Market capitalization (USD million)	441
Free float	73%
Foreign ownership	49%
2017 price/earnings ratio	19.1x

VIETNAM HOLDING'S INVESTMENT	
Date of first investment	8 December 2009
Ownership	3.4%
Percentage of NAV	7.1%
Internal rate of return (annualized)	32.5%

FINANCIAL INDICATORS	2015	2016
Equity capital (USD million)	58.5	65.9
Revenues (USD million)	351.8	382.9
Revenue growth (in VND)	-20.1%	11.3%
EBIT (USD million)	28.6	32.4
NPAT (USD million)	3.5	20.1
EPS (VND)	568	4,383
EPS growth	-73.5%	671.6%
Gross margin	15.2%	16.5%
EBIT margin	8.1%	8.5%
ROE	4.3%	30.6%
D/E	0.96x	1.0x
Current ratio	1.4 x	1.5x

Sources: Annual Reports and Bloomberg

ABOUT THE COMPANY

PNJ is the leading manufacturer and retailer of jewelry products in Vietnam. An experienced team comprised of jewelry designers and about 1,000 skilled goldsmiths has remained one of the company's strongest assets. PNJ is the only jewelry house in Vietnam with a production capacity of 4 million units per annum while other domestic players have yet to secure manufacturing abilities. The company is proud of its rich, 29-year industry experience, with a professionally managed and well-respected brand image.

PNJ offers a product range from lower-end to luxury jewelry to serve different client segments through 237 retail stores nationwide (2016: 219 and 2015: 186) including 174 gold class, 59 silver class, and 4 premium class stores, along with over 3,000 wholesalers. Its closest competitor operates around 53 stores, or the equivalent of one-fourth of PNJ's store network. The company currently enjoys a market share of 28% (2012: 12%).

PNJ aims to become one of the top players in the Asian jewelry industry after exiting (and fully providing for) all non-core investments in 2016. The company has cooperated with consultants from Italy (Value Partners) and international jewelers in the U.S. (Zales and Tiffany & Co.) to continuously enhance its jewelry designs, craftsmanship, manufacturing capability, and retail systems

RECENT DEVELOPMENTS

PNJ's 2016 performance was outstanding with its profit after tax (PAT) increasing 529.4% YoY. The phenomenal growth was due to low 2015 profits after a large provisioning expense of VND 300bn booked for its Dong A Bank investment. Excluding this item, the company achieved a 2016 PAT growth of 41.6% YoY.

To increase its profitability, PNJ has curtailed its low gross margin (less than 2%) gold bar trading activities and concentrated on its high gross margin (around 27%) jewelry business, which has generated 85% of total gross profit. During the years 2011 to 2015, sales from gold bar trading dominated more than 50% of total revenues; however, this proportion has been reduced to less than 20% since 2016. Additionally, PNJ has implemented an ERP system to optimize its inventory level and production processes.

SUSTAINABILITY STRATEGY

PNJ's Sustainable Development strategy was established based on the 17 Sustainable Development Goals of the United Nations. The strategy is founded upon five pillars, which are 1) Economic growth via full concentration on core jewelry business, 2) Social development by providing proper annual training to employees, 3) environmental protection through processing of toxic waste in an environmental-friendly manner and promotion of energy efficient focused practices, 4) Labor force development by creating a safe and unprejudiced working atmosphere to not only attract but also nurture talent, and 5) Community building via effective investments in community projects.

ESG ACHIEVEMENTS

PNJ has firm policies to ensure that its precious stone purchases are from legitimate sources rather than conflict zones with questionable origins. The company has also reduced its raw material waste to below the industry standard of 1%.

Since 2012, PNJ has implemented several HR projects such as restructuring its organizational hierarchy, standardizing the hiring process, reforming the HR operating model, building a leadership competency framework and setting KPIs. These efforts have played a vital role in PNJ delivering its recent impressive business results.

ESG CHALLENGES

The segregation of duty between the company's Chairlady and CEO has not been improved. Nevertheless, PNJ has been preparing a succession plan, in which the Chairlady is to transfer her CEO position to a carefully chosen and groomed candidate in 2018.

BANK FOR FOREIGN TRADE OF VIETNAM (VCB)

SHARE INFORMATION (AS AT 30 JUNE 2017)	
Stock Exchange	HOSE
Date of listing	30 June 2009
Market capitalization (USD million)	6,102
Free float	8%
Foreign ownership	21%
2017 price/earnings ratio	19.9x

VIETNAM HOLDING'S INVESTMENT	
Date of first investment	4 February 2016
Ownership	0.1%
Percentage of NAV	4.3%
Internal rate of return (annualized)	13.6%

FINANCIAL INDICATORS	2015	2016
Equity capital (USD million)	2,009.0	2,112.5
Net interest income (USD million)	707.7	829.5
Net interest income growth (in VND)	28.7%	19.9%
Pre-provision profit (USD million)	574.4	657.1
NPAT (USD million)	242.6	305.4
EPS (VND)	1,202	1,566
EPS growth	14.5%	30.3%
ROE	12.0%	12.1%
NIM	2.58%	2.64%
NPL	1.84%	1.48%
CIR	40.0%	40.0%
P/B	2.6x	2.7x

Sources: Annual Reports and Bloomberg

ABOUT THE COMPANY

VCB, established in 1963 and listed in 2009 on the Ho Chi Minh Stock Exchange, was historically the largest market-capitalization bank in Vietnam. VCB runs the most extensive banking network, including 101 branches, 395 transaction offices, 2,499 ATMs, and 82,930 points of sales nationwide. With more than 50 years local banking experience, VCB has secured the country's top positions in a) trade financing and international settlement, with a 15.5% market share, b) foreign exchange (FX) trading, and c) credit and debit card issuance with a 30% share of the credit card market (holding 44% of total credit card payment volume) and a 14% share of the debit card market.

RECENT DEVELOPMENTS

The bank recorded a robust 2016 performance. Its net profit increased +29% YoY due to a) a net interest income (NII) growth of +20% YoY, driven by a +19% YoY credit growth, and b) a non-NII growth of +11% YoY as a result of gains in fee income of +13.4%, FX trading of +17.6%, securities trading of +16%, and other income of +2%. Although VCB's operating expenses advanced +20% YoY, due to its growing retail banking business, its cost-to-income ratio (CIR) was still maintained at 40%, equivalent to its 2015 ratio and slightly below the industry average of 42%. The bank's loan-loss-coverage ratio registered at 119%, which was the second highest among domestic banks.

With regards to lending, VCB expanded its 2016 retail loan book by almost +50% YoY, thanks to increasing mortgage and automotive loans, which essentially helped its net interest margin (NIM) expand from 255bp in 2015 to 263bp in 2016. NIMs of most other local banks declined or were flat in 2016. Retail lending accounted for around 25% of VCB's total outstanding loans.

In 2016, the bank took all impaired loans back from the Vietnam Asset Management Company (VAMC), to which they were previously transferred, after writing those loans off in full. Consequently, VCB was the first bank, which completed clearing its legacy non-performing loans (NPLs), spawned by the country's most recent bad debt cycle. The bank's NPL ratio fell from 1.84% in 2015 to 1.48% in 2016.

SUSTAINABILITY STRATEGY

VCB's vision is to become the leading local bank to fully adopt best global corporate governance practices, and aims to join the ranks of the world's top 300 largest credit institutions by 2020. To progress toward its strategic view, VCB has been a pioneer in fully applying Basel II by 2018 and advanced Basel II by 2020, with a strong commitment in growing return on equity (ROE) from 13% to 15% while providing highest customer satisfaction via innovative products and convenient services using technological advances.

ESG ACHIEVEMENTS

VCB has developed and practiced strategic human resource (HR) management, which focuses on building capacity framework and talent development programs. In 2015, the bank completed its job description and KPI systems to lay the foundation for optimization of its remuneration policy and HR management towards fairness and efficiency. VCB has also increased staff rotation, standardized processes and procedures, and improved the quality of the recruitment process. Domestic and overseas management training sessions have been organized regularly to equip future leadership teams with modern and up-to-date banking best practices. In 2016, 5,104 employees, including 89 directors and deputy directors, were trained on risk management, debt handling, international payment, accounting, and auditing.

VCB has identified itself as a greener bank for communities' sustainable development. For instance, during its credit appraisal process, the bank evaluates environmental and social risks that may negatively impact borrowers' capital usage and loan repayment abilities. VCB has often been the first volunteering bank to offer preferential lending rates to the government's promoting industries such as agriculture and technology during different development phases of Vietnam. Additionally, VCB has launched numerous "Green for life" initiatives, one of which is sponsoring primary schools to host interactive games to educate children on the green and beautiful aspects of the earth and teach them daily gestures to help keep their environment clean.

Due to its ESG efforts, the bank received several respected ESG-related awards in 2016, such as 'Top 10 Most Sustainable Enterprises in Vietnam' by the Vietnam Business Council for Sustainable Development, and 'Enterprise for Employees' by the Vietnam General Confederation of Labor.

ESG CHALLENGES

VCB has not disclosed details regarding remuneration packages of the members of its Board of Directors. We are hoping this will change in the future.

VIET CAPITAL SECURITIES (VCI)

SHARE INFORMATION (AS AT 30 JUNE 2017)	
Stock Exchange	HOSE
Date of listing	07 July 2017
Market capitalization (USD million)	321
Free float	69%
Foreign ownership (as of 30 July 17)	31%
2017 price/earnings ratio	13.2x

VIETNAM HOLDING'S INVESTMENT	
Date of first investment	21 April 2017
Ownership (as of 30 June 17)	1.5%
Percentage of NAV (as of 30 June 17)	1.8%
Internal rate of return (annualized)	240.0%

FINANCIAL INDICATORS	2015	2016
Equity capital (USD million)	43.3	56.1
Revenues (USD million)	31.8	39.9
Revenue growth (in VND)	13.6%	27.5%
EBIT (USD million)	18.2	24.2
NPAT (USD million)	10.8	15.0
EPS (VND)	4,744	3,247
EPS growth	63.3%	-31.6%
Gross margin	69.5%	70.6%
EBIT margin	57.2%	60.8%
ROE	26.7%	29.8%
D/E	0.6x	0.9x
Current ratio	1.6x	1.8x

Sources: Annual Reports and Bloomberg

ABOUT THE COMPANY

VCI, founded in 2007, has dominated the investment banking (IB) field in Vietnam during the last 10 years, thanks to its unrivalled understanding of the local market. The company helped advise and close several of Vietnam's major capital market transactions for leading industry players including Mobile World (2014), Argo Nutrition International (2015), VietJet Aviation (2016), and Vietnam Prosperity Bank (2017).

Due to strong support from its IB division, VCI commands the leading position in institutional brokerage with over 30% market share in 2016. Overall, the company has been ranked one of the top 3 brokers in Vietnam. VCI's institutional sales department is highly regarded for its extensive global client base, value-added services, leading technology, best execution practice, insightful research, and renowned corporate access.

VCI is led by a professional Board of Directors with a majority of non-executive directors. The company carefully manages its balance sheet and deploys effective risk management policies. VCI is one of the few companies in Vietnam to have successfully integrated a cross-culture management team combining overseas expertise and local knowledge.

RECENT DEVELOPMENTS

VCI's 2016 performance was encouraging. Net sales reached VND 893.5bn, up +27.5% YoY, and net profit after tax (NPAT) was VND 335bn, up +41.4% YoY. The company's IB division, institutional brokerage team, and principal investment unit greatly contributed to VCI's 2016 NPAT growth. Principal investment and institutional sales brokerage witnessed remarkable revenue growth of 89.5% and 61.3% YoY, respectively. Additionally, IB recorded a gross profit increase of 18.9% YoY.

SUSTAINABILITY STRATEGY

VCI's long-term strategy is to remain a top-rated investment banker in Vietnam. Therefore, the company will continue to focus on institutional brokerage. VCI's IB team could leverage the company's strong institutional customer base to help close private placements and IPO deals. Institutional brokerage and IB divisions typically generate higher margins. This approach sets VCI apart from local competitors, who concentrate on the more capital intensive and highly competitive local retail brokerage sector.

ESG ACHIEVEMENTS

Value-based approach to employees and workplace environment: VCI has focused on instilling staff with a clear set of progressive values, encompassing transparency and openness, integrity, responsibility, and professionalism. The remuneration structure is designed to provide competitive base salaries, with incentives to encourage higher productivity and quality. All staff members are covered by health insurance packages. Each year VCI demonstrates its unwavering commitment to corporate social responsibility through charitable donations and sponsorship of local endeavors, which in recent years have included: daycare centers for children with disabilities; support for poor farmers, families, and students; and healthcare programs.

Comprehensive risk management approach: VCI implements risk management and monitoring activities in full compliance with SSC guidance per Decision 105/QD-UBCK, dated 26 February 2013, governing risk management systems in securities companies. Secondly, risk management systems are built efficiently based on the division of responsibilities in the entire company. Thirdly, each division head and employee is responsible for risk management systems according to the provisions of local laws, processes and internal policies.

ESG CHALLENGES

VCI has continued to improve the effectiveness of its corporate governance to ensure operational transparency and efficiency in Vietnam's derivatives market, which will be officially opened in August 2017.

VINH HOAN CORPORATION (VHC)

SHARE INFORMATION (AS AT 30 JUNE 2017)	
Stock Exchange	HOSE
Date of listing	26 December 2007
Market capitalization (USD million)	240
Free float	51%
Foreign ownership	39%
2017 price/earnings ratio	9.0x

VIETNAM HOLDING'S INVESTMENT	
Date of first investment	27 July 2016
Ownership	3.7%
Percentage of NAV	4.3%
Internal rate of return (annualized)	13.3%

FINANCIAL INDICATORS	2014	2015
Equity capital (USD million)	92.9	105.1
Revenues (USD million)	296.5	326.5
Revenue growth (in VND)	3.2%	12.5%
EBIT (USD million)	19.7	30.7
NPAT (USD million)	14.7	25.3
EPS (VND)	3,491	5,922
EPS growth	-27.4%	69.6%
Gross margin	12.4%	14.6%
EBIT margin	6.7%	9.4%
ROE	16.4%	25.4%
D/E	0.8x	0.6x
Current ratio	1.6x	1.8x

Sources: Bloomberg, VHC's Annual Reports.

ABOUT THE COMPANY

Established in 1997 by business woman Truong Thi Le Khanh, VHC took the lead in producing premium quality seafood products and has become the largest pangasius exporter in Vietnam. VHC's product portfolio has been increasingly diversified over the years and currently comprises 4 main categories: frozen seafood, value-added products from pangasius, by-products, and collagen and gelatin products. VHC has been exporting to 40 countries worldwide and has subsidiaries in the US, Singapore and China. Traditional markets, namely the US and the EU, account for more than 70% of VHC's export value while exports to new markets such as China, Mexico, Canada, Hong Kong, and ASEAN are experiencing remarkable growth.

In 2016, VHC introduced a 3-year business plan, targeting revenue of USD 650m and EBITDA of USD 60m by 2020 (doubling those of 2016) and compounded annual growth at 15%-20%. The company will employ both organic growth and acquisitions to achieve this growth target.

RECENT DEVELOPMENTS

VHC exported USD 251m of products in 2016, accounting for 15% Vietnam's total export value. The US remained the largest export market and VHC accounted for 38% of Vietnam's pangasius exports to the country. 2016 saw a boom in the Chinese market where exports grew by 59% YoY. In 2016 VHC doubled its sales. Other markets where VHC holds leading market shares include Canada, Hong Kong, Japan, Mexico and Australia, which also recorded steady growth. In 2016, VHC opened the Van Duc Tien Giang 2 factory, upgrading total processing capacity by an additional 20%. The facility comprises a 2000-ton-per-year capacity of grilled pangasius line, and a workshop for production of breaded, seasoned and other cooked products.

At the end of 2016, the company acquired a 100% stake in Thanh Binh Dong Thap Fisheries which owns two frozen pangasius processing plants and has enough land holdings to add another 40% processing capacity to VHC by 2019.

SUSTAINABILITY STRATEGY

VHC positions itself as a pioneer and champion in both environmentally-responsible aquaculture and economic success. It determined four key elements of sustainable development including: sustainable labor resources; community responsibility; biodiversity and environment responsibility, and food safety and traceability.

ESG ACHIEVEMENTS

VHC was the first pangasius company in Vietnam to obtain an Aquaculture Stewardship Council (ASC) certification covering sustainable aquaculture farming areas such as environmental protection, community factors, food safety, and traceability. By 2016, VHC has 133ha (on a total of 400ha of farming area) certified by ASC, 152ha certified with Best Aquaculture Practices (BAP) and 174ha certified with Global Good Aquaculture Practices (Global GAP). The company aims to have 100% raw material supply granted by at least one sustainable certification body by 2020.

By participating in the Sustainable Pangasius Supply Chain (SUPA) project sponsored by the EU in 2016, VHC was able to reduce energy consumption by 6.4% and water consumption by 26%.

Since inception, VHC has had a well-defined strategy which recognizes the importance of building disciplines and a professional and caring working environment for the workforce of mostly female employees.

ESG CHALLENGES

VHC faces increased challenges in its field. Beyond the difficulties associated with managing environmentally friendly fish farming, the company constantly combats negative perceptions of pangasius cultivation and production techniques. They constantly strive to improve their positioning as a provider from an emerging market, as well as their vertical integration techniques that need to match international standards. The company is addressing these needs and continues to be a market leader.

Sustainability Report

Sustainability enables organizations to consider their impact and enables them to be more transparent about the risk and opportunities they face.

Sustainability Principles
VietNam Holding is committed to the application of sound sustainability criteria in our long-term value investing approach. As a responsible investor, VNH chooses to invest in enterprises that demonstrate a commitment to positive individual and global change. Our goal is that we best capitalize on the positive developments of our portfolio companies and thereby assist Vietnam.

As a signatory of the UN's Principles for Responsible Investment, we avoid investments involving products and services with known negative effects. The fund's exclusion criteria cover businesses dealing in tobacco, firearms, distilled alcohol and gambling, among others. Companies engaged in pollution, child labor, bribery or other damaging business practices are likewise excluded from our investment consideration.

ESG Integration
Key environmental, social and governance (ESG) issues are identified during the investment process through tailored industry evaluations. ESG activities and progress are updated during engagement meetings, and through careful reviews of company publications.

When sustainability issues may have a significant impact on revenues or costs, they are systematically factored into the investment analysis. While monitoring these material performance indicators, VNH engages individual portfolio companies and seeks to encourage positive change. Our divestment policy captures companies that fail to demonstrate real awareness or consideration of key sustainability issues.

Challenges
VNH has tackled the problem of relevant ESG data collection that is inherent in emerging markets by collaborating with the Swiss-based sustainability-rating agency, Inrate. A custom-made questionnaire for Vietnamese companies forms the basis of our ESG analysis tools and is enhanced by a sophisticated and developing internal database. The willingness of a company to pro-actively address sustainability challenges is crucial to our decisions to increase, hold or decrease an investment

Corporate governance remains a challenge in Vietnam. Weak corporate governance standards were the main motivation behind the launch of the VNH Forum program in 2007. This event series brings together local company executives with international experts in fields such as Strategic Management, Board of Directors Standards and Investor Relations. Beyond these specific activities, perhaps our biggest contribution to ESG growth in Vietnam is to always lead by example.

Environmental: CO2 offsetting
VNH is awaiting approval and implementation of its well-developed formal procedure for measuring and controlling our own collective carbon footprint. The Company has been offsetting its CO2 emissions since 2010 in cooperation with Swiss-based South Pole Group, a leading global developer and promoter of emission reduction projects.

Social: VNH Foundation
Motivated by our dedication to social responsibility, the VNH Foundation is the creation of the founders of VNH and VNHAM. Its focus is on the youth of South East Asia, and in particular Vietnam. This charitable venture locates and supports projects that help to meet the needs and enhance the lives of disadvantaged children in the region.

For more information about the VNH Foundation please visit **www.vnhfoundation.com**

Governance: High Corporate Governance Standards
Corporate governance has always been a cornerstone of our organization, and is the basis of every action we take. The adherence to international best practices in this field is not only something we demand from our portfolio companies, but is at the core of our own i nternal guidelines.

An important element of VNH's governance efforts is our active investor relations program. A regular exchange with existing and potentially new shareholders ensures a two-way flow of information, which benefits both our investors and the Company.

Mrs. Van Anh inspects a fruit plantation

Mr. Nick Beglinger speaking at the 11th VNH Forum on "Carbon Footprint: Corporate Solutions for Sustainable Growth".

ACTIVE OWNERSHIP

Director Engagement

The Boards of Directors of VNH and its investment manager are committed to the established practice of engaging portfolio company executives. In concert with members of the investment team, our directors follow a systematic engagement schedule of personal meetings with the management of our portfolio companies.

Since the start of our engagement program, our portfolio companies have shown an increased awareness for ESG issues and have applied best practices in their operations. ESG information disclosure in company annual and/or sustainability reports has been noticeably improved in terms of both quality and quantity.

Shareholder Voting

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

VNH Forum

The VNH Forum events showcase international best practices through select international keynote speakers and panel sessions where they are joined by local experts. Through these events, VNH seeks to foster awareness of value investment and sustainability principles throughout Vietnam's investment community.

The featured speakers of the December 2016 forum were Mr. Nick Beglinger, an expert on sustainable development strategy, and Mr. Nguyen Dang Anh Thi, a senior consultant with extensive relevant global experience. The forum aimed to highlight the fundamentals of greenhouse gas emissions, carbon footprint calculation and reporting methods, and the corresponding solutions for their reduction.

PORTFOLIO CARBON FOOTPRINT

VNEEC, a Vietnamese environmental consultant, has been tasked with measuring and analyzing the carbon emissions of all listed companies that are in the VNH portfolio as at 30 June 2017. The portfolio companies' attributable carbon footprints are analyzed against the attributable footprint of an identical invested amount in the companies of the VN All Share Index (VNAS).

The overall annual attributable carbon footprint of the portfolio is 98.8 thousand tons of CO2-equivalent (Scopes 1 & 2), which is 21% more (year ago: 46% less) carbon intense than the same amount invested in the VNAS would be. This underperformance of the portfolio versus the benchmark is entirely due to the presence in the portfolio as at 30/6/2017 of one company, Ha Tien Cement, whose 3% of NAV portfolio weighting accounted for a staggering 65% of total attributable portfolio emissions. We knew that the cement sector was a major greenhouse gas emitter, but we were surprised that it had such a massive effect on the overall portfolio's emissions. Indeed, had we fully appreciated this and held one of the many non- or low-emitting stocks instead, our portfolio would have outperformed the VNAS by over 55%, instead of the 21% underperformance mentioned. We have since divested from Ha Tien Cement and adapted our ESG criteria.

	VNH Portfolio	VN All Share Index
Total Emissions Scope 1&2 (tCO_2e)	98,836	81,567
Total Emissions Scope 1,2&3 (tCO_2e)	293,046	215,024
Emissions ($kgCO_2e$) per USD 100 invested	46.95	38.74

For the full Portfolio Carbon Footprint Report please visit **www.vietnamholding.com/sustainability**

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Sustainability Report
Continued

MEMBERSHIPS AND PARTNERSHIPS

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

Global Compact

VietNam Holding Asset Management has been a founding and active member of the Global Compact network in Vietnam since 2007.

Managed by the United Nations, the Global Compact is a strategic policy initiative for companies that wish to align their activities with the ten key principles that form the core of Global Compact's mission. At VNH, we continue to do so.

UN PRI

The United Nations' Principles for Responsible Investment (PRI) is the world's leading proponent of responsible investment. At its AGM in 2009, VNH shareholders voted to endorse the comprehensive alignment of our investment policy with the PRI. Consequently, ESG factors are now fully incorporated into our investment analysis and engagement strategy.

Corporate Governance in Vietnam:
Bottom-Up Incentive to Drive Improvement

Vietnam's standards of corporate governance are in aggregate fairly low, but have demonstrated steady improvement over the past decade and are highly likely to continue to do so. Empirical progress has been measured by the International Finance Corporation's and Asian Development Bank's series of corporate governance scorecards for the ASEAN region, including Vietnam. For example, the 2016 ADB scorecard shows mean total scores for Vietnam over the years 2012-15 of, successively, 28, 34, 35, and 37 - on a scale of 0-100 and where a global best practice score would typically be about 80. These scores, not surprisingly given relative market development, put Vietnam at the bottom of the surveyed countries (Thailand, Indonesia, Philippines, Malaysia, India, and Vietnam).

> **"Vietnam's standards of corporate governance are in aggregate fairly low, but have demonstrated steady improvement over the past decade and are highly likely to continue to do so."**

Vietnam's laws and regulations on corporate governance are fairly well developed, albeit with some inconsistencies and weaknesses that need to be rectified. This now puts the burden for improvement squarely on the shoulders of companies, institutional investors, international agencies like the IFC, and industry groups to substantially improve Vietnam's overall corporate governance landscape over the coming years. One might hope for greater enforcement action by the State Securities Commission as the main financial market regulator. However, the nature of Vietnam's system of government makes it unwise to expect great change from this source, welcome though it would be.

So private actions will drive improvement. The IFC has been a leader here, by working to raise awareness, cooperate with regulators, build national capacity (for example by training almost 100 corporate governance trainers spread across the nation's training companies), and directly advise companies with a view to becoming investors in them.

Institutional investors can also be a key driver through self-interested engagement. Fund managers such as Mekong Capital, Dragon Capital, and Vietnam Holding are acknowledged as effective advocates for good corporate governance practices through their direct engagement with investee companies, and they are increasingly being joined by newer foreign investors in Vietnam such as AIMS Asset Management.

Although prompting and education from others undoubtedly helps, ultimately the most powerful impetus for improvement will come from companies themselves. This is because the evidence is clear on what good corporate governance practices bring to the protagonist. Studies have repeatedly demonstrated that good corporate governance correlates with higher "economic value added", or the gap between return on invested capital and weighted average cost of capital. The latter occurs both through lower cost of debt in the bond markets and from banks, and via a higher valuation on the stock market. The 2016 ASEAN scorecard quantified this as 10 points higher on the corporate governance score being worth a price/ book valuation uplift of 0.17 points - or 17% for a company originally priced at its book value. This is a meaningful difference for companies operating in a frontier market, where cost of capital and therefore the ability to survive and grow a business is highly variable.

Successful companies are characterised by transparency, the presence of truly independent directors, adherence to a conflict of interest policy, a standalone internal audit function, focus on developing a corporate culture, good internal communication and being well organised with respect to internal and external meetings. Where Vietnam scores well is the significant presence of women on boards. Indeed, quite a few of our investee companies have female directors and CEOs. Such attributes have applied to many of the greatest long term earnings per share growth and share price performance investment stories on the Vietnam stock market.

Cases of poor corporate governance however are still widespread, in both the private sector and among state owned enterprises. Within the former, excessive and unequal new share issuance, family fiefdom and conflict, wanton business diversification, and transactions involving partly-owned subsidiaries stand out as common problems.

The growth of executive share option programs in Vietnam deserves a special mention. The principle behind ESOPs is commendable: they incentivise management to run the company as shareholders. However, in practice they are open to abuse. They (a) are a poor motivator when done at deep discount and can in some cases vest too soon within 1 to 3 years; (b) are often not granted to the right people; (c) often involve too much of a stake (e.g. 5%) in the company leading to major stake and value dilution for other shareholders; and (d) are not being accounted for properly as a cost in the profit and loss account when issued at a discount, which they would be under International Financial Reporting Standards.

> “Where Vietnam scores well is the significant presence of women on boards. Indeed, quite a few of our investee companies have female directors and CEOs.”

Among SOEs, whose overall corporate governance standards are seemingly lower than in the listed private sector, poor transparency, poor board professionalism, opaque state ownership, and poor incentive and efficiency are recurring themes. The state, through its various organs, still owns about 40% of Vietnamese listed market capitalisation (compared to about 20% by foreign investors). The remedy is privatisation, which ideally would proceed faster in terms of major stake sales, including to foreign strategic investors.

VietNam Holding Asset Management’s vice-chairman, Vu Quang Thinh, is a member of the national advisory council for corporate governance, a body which is supporting the drafting of a Vietnam corporate governance code. This is expected to lead to the setting up of the Vietnam Institute of Directors in 2018. The Company will continue to play a leading role in further corporate governance improvement in Vietnam over the coming years. This is of key importance to the success of the stock market as a place for continued profitable investment returns in excess of the cost of equity, and to Vietnam’s overall healthy national economic development.

VNH Foundation Report

Throughout 2016, VNHF conducted more than six projects consisting of multiple sub-missions.

Guided by the belief that each human being has equal value, the VNH Foundation (VNHF) works to help people lead healthy, productive lives. In Vietnam, it seeks to ensure that disadvantaged children and handicapped persons have access to the opportunities they need to succeed in life. In Thailand, it operates an orphanage and gives children the chance to lift themselves out of hunger and extreme poverty.

2016 has been another successful year for the VNHF. Our projects in the areas of education, sustainable development, economy and public health have served to strengthen the human connectivity and dialogue within Vietnam and Thailand by assisting those that need help the most, namely deprived children and handicapped persons. Throughout 2016, VNHF conducted more than 6 projects consisting of multiple sub-missions. These projects and missions have been advanced with the help of over 5 regional partner organizations, and over 2,000 individual participants.

Program Highlights

DaNang Orthopedics Hospital:
Over the past few years, the VNHF has supported the DaNang Orthopedics Hospital by sponsoring equipment, flying in Swiss doctors and providing training and support for the resident medical staff. Our close collaboration with the hospital typically ensures that patients are ready to be seen in their clinic the day the doctors arrive. They then spend the entire day seeing patients with pathology ranging from congenital birth deformities such as clubfoot or polydactyly, to cerebral palsy neuromuscular deformities, to post-polio deformities, to injuries sustained in the Vietnam War in the 1960s and 1970s. Many patients are treated with referrals to physical therapy, which the hospital has on-site, or with non-surgical modalities such as orthotics or joint injections. The patients are screened throughout the day for those who are able to be helped by surgical correction and each of these is then scheduled for surgery.

We are proud of the work accomplished with DaNang Orthopedics and are looking for ways to improve our collaboration with visits by more medical specialists to help enhance the training of the DNO staff.

Blue Dragon:
Blue Dragon visits places such as sweatshops and brothels and physically rescues people from traffickers and hardened (sometimes armed) criminals. The rescued include children as young as 10, who have been taken against their will, or tricked into thinking they are going to training and jobs, and subsequently find themselves working all day for no pay. Since 2004, Blue Dragon has rescued hundreds of women and children.

The foundation's staff have also come to the aid of kidnapped or trafficked women who have access to a mobile phone (or whose family members contacted Blue Dragon after being contacted themselves). Blue Dragon has helped get 600 Vietnamese children off the streets and back to their families, into schools, soccer teams, even yoga or painting classes.

VNHF's financial support has allowed Blue Dragon to pursue their mission. We plan to make a more active engagement by providing psychiatric training for counsellors in 2017, which will expand their scope and allow better integration of trafficked people into society.

Deafcraft 5 Colors:
Deafcraft 5 Colors is a Hanoi based social enterprise that traces its origins back to 1995. Since 2009, Deafcraft 5 Colors has continually grown by manufacturing various products for the local tourist market and the expatriate community in Hanoi as well as for overseas customers. Their mission is to provide development opportunities for deaf people in the area of literacy and vocational training as well as to provide a fair wage employment in a caring social environment.

Our active work with the team has improved their professional/sales website, provided English courses for staff members and material for the construction of handicrafts. We are now exploring ways to improve their living and workspace environment.

While commemorating our development over the past eight years, we are preparing VNHF's future direction and looking forward to many more highlights in 2017. Our future activities include more active involvement with medical projects, further engagement with local government entities and development of additional projects. Finally, VNHF would like to thank VNHAM for its continued financial support of the organization.

Directors' Report

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

The Board of Directors plays a key role in the operation of Vietnam Holding Ltd. In consultation with the creator of the VNH Group, Mr. Juerg Vontobel, the Board sets the Company's Founding Principles. The Board makes all policy decisions on investment strategies, environmental, social and governance matters ("ESG"), asset allocations, investment risk profiles, capital increases and profit distributions to Shareholders. It also appoints the Investment Manager, to whom it provides appropriate guidance and instruction.

The Board is also responsible for reviewing the Company's Investment Policy and the performance of its investment portfolio. In particular, all new investments and full divestments as well as change in the target level investment category of an existing investment are subject to the preliminary approval of the Board's Chairperson, then presented for ratification by the Board at its next meeting.

As a Cayman Islands incorporated fund that is admitted for trading on London's AIM market, the Company is not required to and does not adhere to any official code of corporate governance. However, the Directors recognise the importance of sound corporate governance commensurate with the size of the Company and the interests of its Shareholders. In reflection of this strong belief, the Company has adopted a comprehensive code of ethics. The Directors also comply with AIM Rules and other relevant UK regulations, including the Market Abuse Regulations relating to directors' dealings, which came into effect on July 3, 2016. Accordingly, the Company has additionally adopted a code for directors' dealings in securities of the Company based on AIM Rule 21.

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

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

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

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

The Audit Committee, chaired by Mr. Nguyen Quoc Khanh, is responsible for appointing the Auditors, subject to Shareholder approval, and reviewing the results of all audits. It is also responsible for establishing internal business controls and audit procedures.

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

In the financial year 2017, the Board met quarterly and additionally held four telephonic meetings.

Having decided to investigate a potential re-domiciliation of the company from the Cayman Islands to Luxembourg, the Board made further steps towards this re-domiciliation. The Board anticipates putting the final approval for the re-domiciliation to a shareholder vote before the end of calendar 2017.

Concurrently with each formal meeting, the Board reviewed with the Investment Manager the status and the performance of the portfolio, including investment themes, prospective investments, divestitures, industry trends and peer group performance comparisons. Following the recommendations made under the portfolio management policy of the Investment Manager, the Board approved or ratified the asset allocation limits and target position of each investment.

As part of these actions, the Board approved and monitored portfolio rebalancing activities in which the Investment Manager exited six portfolio companies and initiated eight new investments, maintaining the number of equity holdings in the portfolio at twenty-six as of

30 June 2017. Among the exits were three investments where the Company held at least 4% of the outstanding shares of the respective portfolio companies.

The Board has noted the underperformance of the company compared to its peers and the benchmark. Upon deliberation with the Investment Manager, the Board feels that the strategy used by the Manager in administering the Company's portfolio is, notwithstanding the substandard performance, a sound one from a sustainable and long-term perspective.

The Company's share buy-back program and share price discount control efforts were also reviewed quarterly during the Board meetings.

The Company held investor presentations in London and Luxembourg at which the Directors met and engaged with shareholders. The Board regularly reviewed other investor-relations activities, all coverages by brokerage research and investment analysts, and all investor communications.

The Audit Committee held four meetings in the past year in parallel with the Board meetings. In each one, the Chair of the Investment Manager's Risk Management Committee reviewed with the Audit Committee the Master Risk Matrix. In addition, it reviewed compliance reporting and evaluated risk control issues. The Committee Chairperson worked closely with the Investment Manager and its Risk & Compliance Committee to formulate the objectives and the scope of this year's internal audit, to be conducted in two phases. The scope of the Audit was conducted by Ernst & Young Vietnam Ltd in two phases. The Audit report of 1st phase focused on the risk management framework. The second phase of the audit was on compliance risk management. Both phases were finalized in November 2016.

The Corporate Governance Committee also met four times, in line with the quarterly Board meetings. As part of each meeting's agenda, the Chairman of the Committee led the review with the Investment Manager as it presented its strategic plans, financial position, and organizational development activities. An evaluation of the Board' own undertakings together with a review of the on-going projects of the Board were also held during each meeting.

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

Throughout the year, the Committee evaluated the communications between the Chairperson and the Board members, the timeliness and completeness of the Board meeting material submission, and the overall effectiveness of each Board meeting.

Remuneration

With the migration of the company to Luxembourg in mind, the Fund has designed and implemented a remuneration policy for the Company's Directors with the aim to reflect in a proportionate manner and as effectively as possible the remuneration rules as set out in the European Directive 2011/61/EU and implemented in the 2013 Law, as amended (the "AIFM Regulations") and ESMA Guidelines on remuneration as applicable and implemented in Luxembourg (the "ESMA Guidelines").

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

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

In 2017, the Company's Directors' Base Fees were:

Mrs. Min-Hwa Hu Kupfer	USD 60,000
Professor Rolf Dubs	USD 50,000
Mr. Nguyen Quoc Khanh	USD 50,000

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

Directors' Report
Continued

The total remuneration of the Company's Directors in FY2016-17 as the result of meeting attendance and Committee work was USD 257,000 as follows:

Mrs. Min-Hwa Hu Kupfer Chairperson	USD 105,000
Professor Rolf Dubs Director & Chair of Corp. Governance Committee	USD 76,500
Mr. Nguyen Quoc Khanh Director & Chair of Audit Committee	USD 75,500

Ownership of VietNam Holdings

	Shares
Mrs. Min-Hwa Hu Kupfer	36,667
Professor Rolf Dubs	61,451
Mr. Nguyen Quoc Khanh	33,253

During the fiscal year, both Mr. Nguyen Quoc Khanh and Prof. Rolf Dubs increased their shareholdings in the Company, mainly through the exercise of warrants.

On behalf of the Board of Directors:

Min-Hwa Hu Kupfer
Chairperson
18 August 2017

Independent Auditors' Report

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To the Shareholders of
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c/o Collas Crill Corporate Services Limited
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Report on the financial statements

We have audited the financial statements of VietNam Holding Limited ('the Company'), which comprise the statement of financial position as at 30 June 2017, the statements of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 16 to 32.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the International Financial Reporting Standards ('IFRSs') as adopted by the European Union so as to give a true and fair view of the financial position of the Company as at 30 June 2017 and of the financial performance, and cash flows of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs'). Our responsibilities under those standards are further described in the *'Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Valuation of investments in securities at fair value amounting to USD 208,273,147
(Refer to Notes 3 and 12 to the financial statements)

The key audit matter	How the matter was addressed in our audit
As of 30 June 2017, the Company's investments in securities are all measured at fair value and comprise a convertible bond (USD 1,179,177), an unlisted equity security (USD 3,864,056) and listed equity securities (USD 203,229,914).	Our approach to audit the valuation of the convertible bond and unlisted equity security investment included the following: • Assessed the appropriateness of the valuation methodologies adopted; • Reviewed the reasonableness of inputs applied including a sensitivity analysis for unobservable inputs; and • Verified the mathematical accuracy of the calculation of the investments.

The key audit matter	How the matter was addressed in our audit
The investments measured at fair value were based on the following valuation approaches: • The convertible bond consists of a fixed-income bond with an option to convert the bond into shares of the issuer. Each component of the instrument was valued separately using applicable valuation techniques; • The unlisted equity security was valued based on the market approach; and • The listed equities were valued based on the last traded prices. We considered the valuation of the convertible bond and unlisted equity security as a key audit focus area as their valuation involves a degree of estimation uncertainty and judgment.	Additional procedures were performed for each investment selected based on the applicable valuation methodology, as follows: • Convertible bond We performed a cross-check of the valuation by independently deriving the value of each component using the discounted cash flow model and a Black-Scholes model. • Unlisted equity security The unlisted equity security was valued using broker quotes sourced from external brokers. We evaluated the competency, capability, and objectivity of the external brokers. We obtained confirmations from the brokers for the prices which they provided to the Company. We noted that the valuation estimates are within a reasonable range of outcomes.

Other information

Vietnam Holding Asset Management Limited, the Investment Manager of the Company, and the directors of the Company ("the directors") are responsible for the other information contained in the annual report. The other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Independent Auditors' Report
Continued

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is David Waller.

kpmg llp

KPMG LLP
Public Accountants and Chartered Accountants
Singapore
18 August 2017

Statement of Financial Position

as at 30 June 2017

	Note	2017 USD	2016 USD
Assets			
Cash and cash equivalents		10,323,903	5,281,215
Investments in securities at fair value	3	208,273,147	143,391,112
Accrued dividends		155,582	832,445
Receivables on sale of investments		–	3,055,954
Other receivables		13,318	24,840
Total assets		**218,765,950**	**152,585,566**
Equity			
Share capital	5	141,822,097	105,477,448
Retained earnings		68,713,405	41,398,421
Total equity, representing net assets attributable to shareholders		**210,535,502**	**146,875,869**
Liabilities			
Payables on purchase of investments		4,981,932	1,124,964
Other payables		139	137
Accrued expenses		3,248,377	4,584,596
Total liabilities		8,230,448	5,709,697
Total equity and liabilities		**218,765,950**	**152,585,566**

The financial statements on pages 27 to 43 were approved by the Board of Directors on 18 August 2017 and were signed on its behalf by

Min-Hwa Hu Kupfer
Chairperson of the Board of Directors

Nguyen Quoc Khanh
Chairman of the Audit Committee

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

Statement of Comprehensive Income

for the year ended 30 June 2017

	Note	2017 USD	2016 USD
Dividend income from equity securities at fair value through profit or loss		4,561,766	4,247,751
Net gain from investments in securities at fair value through profit or loss	7	30,275,746	35,428,336
Net foreign exchange loss		(119,173)	(44,734)
Interest income from investments in securities		90,314	76,657
Net investment income		**34,808,653**	**39,708,010**
Investment management fees	8	2,880,552	2,460,388
Incentive fees	8	3,132,919	4,542,553
Advisory fees		107,815	143,345
Administrative and accounting fees	10	111,404	95,073
Custodian fees	9	172,607	122,024
Directors' fees and expenses	8	349,872	376,336
Brokerage fees		58,455	67,734
Audit fees		41,904	40,580
Publicity and investor relations fees		154,520	103,772
Insurance costs		15,000	15,500
Administrative expenses		224,164	206,643
Risk management expenses		216,062	45,884
Technical assistance for investee companies		28,395	74,228
Total operating expenses		**7,493,669**	**8,294,060**
Change in net assets attributable to shareholders		**27,314,984**	**31,413,950**
Basic and diluted earnings per share	14	0.49	0.55/0.53

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

Statement of Changes in Equity

for the year ended 30 June 2017

	Share capital USD	Reserve for own shares USD	Retained earnings USD	Total USD
Balance at 1 July 2015	**125,788,264**	**(11,413,200)**	**9,984,471**	**124,359,535**
Total comprehensive income for the year				
Change in net assets attributable to shareholders	–	–	31,413,950	31,413,950
Total comprehensive income	**–**	**–**	**31,413,950**	**31,413,950**
Contributions and distributions				
Issuance of ordinary shares	129,871	–	–	129,871
Repurchase of own shares (note 5)	–	(8,630,599)	–	(8,630,599)
Warrants issuance cost	(396,888)	–	–	(396,888)
Total contributions and distributions	**(267,017)**	**(8,630,599)**	**–**	**(8,897,616)**
Balance at 30 June 2016	**125,521,247**	**(20,043,799)**	**41,398,421**	**146,875,869**
Balance at 1 July 2016	125,521,247	(20,043,799)	41,398,421	146,875,869
Total comprehensive income for the year				
Change in net assets attributable to shareholders	–	–	27,314,984	27,314,984
Total comprehensive income	**–**	**–**	**27,314,984**	**27,314,984**
Contributions and distributions				
Issuance of ordinary shares	41,030,628	–	–	41,030,628
Repurchase of own shares (note 5)	–	(4,685,979)	–	(4,685,979)
Total contributions and distributions	**41,030,628**	**(4,685,979)**	**–**	**36,344,649**
Balance at 30 June 2017	**166,551,875**	**(24,729,778)**	**68,713,405**	**210,535,502**

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

Statement of Cash Flows

for the year ended 30 June 2017

	Note	2017 USD	2016 USD
Cash flows from operating activities			
Change in net assets attributable to shareholders		27,314,984	31,413,950
Adjustments to reconcile change in net assets attributable to shareholders to net cash from operating activities:			
Dividend income		(4,561,766)	(4,247,751)
Interest income		(90,314)	(76,657)
Net gain from investments in securities at fair value through profit or loss		(30,275,746)	(35,428,336)
Purchase of investments		(87,232,623)	(47,964,534)
Proceeds from sale of investments		56,483,302	60,925,949
Net foreign exchange loss		119,173	44,734
(Increase)/decrease in receivables on sale of investments		3,055,910	(2,435,831)
Increase/(decrease) in accrued expenses		26,546	4,006,184
(Decrease)/increase in other payables		2	(7)
Dividends received		5,238,629	3,915,525
Interest received		101,846	53,973
Net cash from operating activities		**(29,820,057)**	**10,207,199**
Cash flows from financing activities			
Issuance of ordinary shares *		39,667,862	–
Repurchase of own shares	5	(4,685,979)	(8,630,599)
Warrants issuance cost		–	(396,888)
Net cash used in financing activities		**34,981,883**	**(9,027,487)**
Net increase in cash and cash equivalents		**5,161,826**	**1,179,712**
Cash and cash equivalents at beginning of the year		5,281,215	4,146,270
Effect of exchange rate fluctuations on cash held		(119,138)	(44,767)
Cash and cash equivalents at end of the year		**10,323,903**	**5,281,215**

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

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

Notes to the Financial Statements

Year ended 30 June 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 in April 2015 the shareholders voted in favour of the continuance resolution, authorising the Company to operate in its current form through to the 2018 Annual General Meeting when a similar resolution will be put forward for shareholders' approval.

VietNam Holding Asset Management Limited ("VNHAM") has been appointed as the Company's Investment Manager and is responsible for the day-to-day management of the Company's investment portfolio in accordance with the Company's investment policies, objectives and restrictions.

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

The registered office of the Company is Collas Crill Corporate Services Limited, Floor 2, Willow House, Cricket Square, PO Box 709, George Town, Grand Cayman, Cayman Islands, KY1-1107.

2 PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with the 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 listing of the shares on the AIM market of the London Stock Exchange 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 Board considers the USD as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

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

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

Notes to the Financial Statements

Year ended 30 June 2017

2 PRINCIPAL ACCOUNTING POLICIES (continued)

(b) Basis of preparation (continued)

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

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

(c) Foreign currency translation

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

(d) Financial instruments

(i) Classification

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

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

Cash and cash equivalents are measured at amortised cost.

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

(ii) Recognition

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

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

(iii) Derecognition

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

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

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

(iv) Measurement

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

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

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

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

As at 30 June 2017, the Company used quotes obtained from brokers to determine the fair value of an unlisted equity security with a carrying value of USD 3,864,056 which was 1.84% (2016: nil%) of the net assets of the Company, while the Company used valuation techniques to value a convertible bond with a carrying value of USD 1,179,177 which was 0.56% (2016: 1.3%) of the net assets of the Company.

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

(v) Gains and losses on subsequent measurement

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

(vi) Impairment

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

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

(vii) Cash and cash equivalents

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

(e) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when, and only 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 reporting period.

Notes to the Financial Statements

Year ended 30 June 2017

2 PRINCIPAL ACCOUNTING POLICIES (continued)

(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 effects.

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

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

(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 reporting date, 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 taxes levied by the same tax authority on the same taxable entity.

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

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

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

The Company is liable to Vietnamese tax of 0.1% (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 listed equity securities, this is usually the ex-dividend date. For unlisted 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 as 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.

(l) Earnings per share

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all potentially dilutive ordinary shares, which comprise warrants granted to shareholders.

3 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

Financial assets of the Company include investments in securities at fair value, cash and cash equivalents and accrued dividends. 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 exposed to market risk within its securities purchased in the Vietnamese market.

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

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

	2017		2016	
	Fair value in USD	% of net assets	Fair value in USD	% of net assets
Investments in listed securities	203,229,914	96.53	141,479,379	96.3%
Investments in an unlisted equity securities	3,864,056	1.84	–	–
Investments in a convertible bond	1,179,177	0.56	1,911,733	1.3
	208,273,147	**98.93**	**143,391,112**	**97.6%**

At 30 June 2017, a 5% reduction in the market value of the portfolio would have led to a reduction in NAV and profit or loss of USD10,413,657 (2016: USD7,169,556). A 5% increase in market value would have led to an equal and opposite effect on NAV and profit or loss.

Notes to the Financial Statements

Year ended 30 June 2017

3 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Currency risk

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

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

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

As at 30 June 2017, the Company had the following foreign currency exposures:

	Fair value	
	2017 USD	2016 USD
Vietnamese Dong	208,636,021	149,607,240
Pound Sterling	727	748
Swiss Franc	(19)	–
Euro	2,353	2,319
	208,639,082	**149,610,307**

At 30 June 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 USD10,431,801 (2016: USD7,480,362), USD36 (2016: USD37), USD(1) (2016: USDnil) and USD118 (2016: USD116) respectively. A 5% increase in value would have led to an equal and opposite effect.

Interest rate risk

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

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

Credit risk

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

At 30 June 2017, the following financial assets were exposed to credit risk (including settlement risk): cash and cash equivalents, investments in an unlisted equity security, Investments in a convertible bond accrued dividends, receivables on sale of investments and other receivables. The total amount of financial assets exposed to credit risk amounted to USD11,671,980 (2016: USD11,106,187).

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

Liquidity risk

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

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

4 OPERATING SEGMENTS

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

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

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

5 SHARE CAPITAL

Ordinary shares of USD1 each

The ordinary shares have been created pursuant to the Companies Law in the Cayman Islands. The Company was incorporated with an authorised share capital of USD100,000,000 divided into 100,000,000 ordinary shares of USD1 each. On 23 September 2010, during its Annual General Meeting, the shareholders approved that the Company's authorised share capital be increased by USD100,000,000, divided into 200,000,000 shares of a nominal or par value of USD1.00 each. According to the Companies Law and articles of association, the Company may from time to time redeem all or any portion of the shares held by the shareholders upon giving notice of not less than 30 calendar days to the shareholders.

On 6 June 2006, the Board resolved that 56,250,000 ordinary shares would be allotted at a placing price of USD2 per ordinary share.

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 and 2016.

	2017 No. of shares	2016 No. of shares
Total shares issued and fully paid (after repurchases and cancellations)		
At beginning of the year	65,342,620	67,235,739
Shares issued upon exercise of warrants during the year	19,941,819	35,927
Shares cancellation	(2,555,000)	(1,929,046)
	82,729,439	65,342,620
Repurchased and reserved for own shares		
At beginning of the year	(10,487,673)	(7,819,500)
During the year	(2,126,783)	(4,629,554)
Shares reissued to ordinary shares	631,684	32,335
Shares cancellation	2,555,000	1,929,046
	(9,427,772)	(10,487,673)
Total outstanding ordinary shares with voting rights	**73,301,667**	**54,854,947**

As a result, as at 30 June 2017 the Company has 73,301,667 (2016: 54,854,947) ordinary shares with voting rights in issue (excluding the reserve for own shares), and 9,427,772 (2016: 10,487,673) are held as reserve for own shares.

Notes to the Financial Statements

Year ended 30 June 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 will be on 1 June 2016, 1 December 2016 and 1 June 2017 with the exercise price of USD1.998. A total of 19,977,746 warrants were issued and admitted to trading on the AIM Market. As at 30 June 2017, nil (2016: 19,941,819) warrants are outstanding. During the year, there was an exercise of 19,941,819 (2016: 35,927) warrants to subscribe for 19,941,819 (2016: 35,927) ordinary shares at a price of USD1.998 per ordinary share.

The proceeds that arise on the warrant exercise for the year were USD39,843,754 (2016: USD71,782). The net proceeds arising on the exercise of the warrants will be invested in accordance with the Company's investment policy.

6 NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

Total equity of USD210,535,502 (2016: USD146,875,869) 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

	2017 USD	2016 USD
Net gain from equity securities at fair value through profit or loss:		
Realised gain	14,944,033	2,625,360
Adjustment to fair value of equity securities at fair value through profit or loss	15,331,713	32,802,976
	30,275,746	**35,428,336**

8 RELATED PARTY TRANSACTIONS

Investment management fees

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

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

The management fee accruing to the Investment Manager for the year to 30 June 2017 was USD2,880,552 (2016: USD2,460,388).

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 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.

	2017 USD	2016 USD
Performance fee	3,132,919	4,542,553

Directors' fees and expenses

The Board determines the fees payable to each Director, subject to a maximum aggregate amount of USD350,000 (2016: USD350,000) per annum being paid to the Board as a whole. The Company also pays reasonable expenses incurred by the Directors in the conduct of the Company's business including travel and other expenses. The Company pays for directors and officers liability insurance coverage.

The charges for the year for the Directors fees were USD257,000 (2016: USD261,000) and expenses were USD92,872 (2016: USD115,336).

Directors' ownership of shares and warrants

As at 30 June 2017, three Directors, Min-Hwa Hu Kupfer, Nguyen Quoc Khanh and Rolf Dubs held 36,667 (2016: 36,667), 33,253 (2016: 13,468) and 61,451 (2016: 35,152) ordinary shares of the Company respectively, representing 0.05% (2016: 0.06%), 0.04% (2016: 0.02%) and 0.08% (2016: 0.06%) of the total shares outstanding.

During the year, Min-Hwa Hu Kupfer, Nguyen Quoc Khanh and Rolf Dubs exercised nil (2016: nil), 3,333 (2016: nil) and 10,000 (2016: nil) warrants to subscribe ordinary shares, amounting to 13,333 (2016: nil) and 0.067% (2016: 0.00%) of the total warrants issued respectively.

9 CUSTODIAN FEES

Custodian fees are charged at a minimum of USD12,000 (2016: USD12,000) per annum and received as a fee at 0.08% on the assets under administration ("AUA") per annum. Custodian fees comprise safekeeping fees, transaction fees, money transfer fees and other fees. Safekeeping of unlisted securities up to 20 securities is charged at USD12,000 per annum. Transaction fees, money transfers fees and other fees are charged on a transaction basis.

The charges for the year for the Custodian fees were USD172,607 (2016: USD122,024).

10 ADMINISTRATIVE AND ACCOUNTING FEES

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

The charges for the year for the Administration and Accounting fees were USD111,404 (2016: USD95,073).

Notes to the Financial Statements

Year ended 30 June 2017

11 CONTROLLING PARTY

The Directors are not aware of any ultimate controlling party as at 30 June 2017 or 30 June 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).
- 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
2017				
Financial assets classified at fair value upon initial recognition				
Investments in securities	182,827,649	24,266,321	1,179,177	208,273,147
2016				
Financial assets classified at fair value upon initial recognition				
Investments in securities	126,523,082	14,956,297	1,911,733	143,391,112

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: 8.50%; 2016: 9.5%); • Dividend yield (2017: 4.32%; 2016: 5.91%)	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. The directors consider 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	2017 USD	2016 USD
Balance at 1 July	1,911,733	–
Purchases	–	1,790,510
Sales	(894,897)	–
Total gains and losses recognised in profit or loss *	162,341	121,223
Balance at 30 June	**1,179,177**	**1,911,733**

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

13 CLASSFICATIONS AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

	Note	Fair value through profit or loss USD	Loans and receivables USD	Other liabilities USD	Total carrying amount USD
2017					
Cash and cash equivalents		–	10,323,903	–	10,323,903
Investments in securities at fair value	3	208,273,147	–	–	208,273,147
Accrued dividends		–	155,582	–	155,582
Receivables from sale of investments		–	–	–	–
Other receivable		–	13,318	–	13,318
		208,273,147	**10,492,803**	**–**	**218,765,950**
Payables on purchase of investments		–	–	4,981,932	4,981,932
Other payable		–	–	139	139
Accrued expenses		–	–	3,248,377	3,248,377
		–	**–**	**8,230,448**	**8,230,448**
2016					
Cash and cash equivalents		–	5,281,215	–	5,281,215
Investments in securities at fair value	3	143,391,112	–	–	143,391,112
Accrued dividends		–	832,445	–	832,445
Receivables from sale of investments		–	3,055,954	–	3,055,954
Other receivable		–	24,840	–	24,840
		143,391,112	**9,194,454**	**–**	**152,585,566**
Payables on purchase of investments		–	–	1,124,964	1,124,964
Other payable		–	–	137	137
Accrued expenses		–	–	4,584,596	4,584,596
		–	**–**	**5,709,697**	**5,709,697**

Notes to the Financial Statements

Year ended 30 June 2017

14 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share at 30 June 2017 was based on the change in net assets attributable to ordinary shareholders of USD27,314,984 (2016: USD31,413,950) and the weighted average number of shares outstanding of 55,760,831 (2016: 57,315,656). The warrants of the Company had been fully exercised as of 30 June 2017.

15 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 2016 and earlier application is permitted; however, the Company has not early applied these new or amended standards in preparing these financial statements. The one new standard potentially relevant to the Company is IFRS 9 Financial Instruments ("IFRS9"), which is discussed below.

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments:Recognition and Measurement* ("IAS 39"). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for the Company's annual reporting periods beginning on or after 1 July 2017, with early adoption permitted.

Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, although under IAS 39 all fair value changes of liabilities designated under the fair value option are recognised in profit or loss, under IFRS 9 fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

Based on the Company's initial assessment, this standard is not expected to have a material impact on the classification of financial assets and financial liabilities of the Company. This is because:

- the financial instruments classified as held-for-trading under IAS 39 will continue to be classified as such under IFRS 9;
- other financial instruments currently measured at FVTPL under IAS 39 are designated into this category because they are managed on a fair value basis in accordance with a documented investment strategy. Accordingly, these financial instruments will be mandatorily measured at FVTPL under IFRS 9; and
- financial instruments currently measured at amortised cost are: cash and cash equivalents, accrued dividends, and other receivables. These instruments meet the solely principal and interest criterion and are held in a held-to-collect business model. Accordingly, they will continue to be measured at amortised cost under IFRS 9.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model also applies to certain loan commitments and financial guarantee contracts but not to equity investments. Under IFRS 9, credit losses are recognised earlier than under IAS 39. Based on the Company's initial assessment, changes to the impairment model are not expected to have a material impact on the financial assets of the Company. This is because:

- the majority of the financial assets are measured at FVTPL and the impairment requirements do not apply to such instruments; and
- the financial assets at amortised cost are short-term (i.e. no longer than 12 months), of high credit quality and/or highly collateralised. Accordingly, the expected credit losses on such assets are expected to be small.

16 SUBSEQUENT EVENTS

- At the AGM on 15 September 2016, the Company's shareholders approved a resolution authorizing the Directors to continue the process of re-domiciling the Company in Luxembourg. It is anticipated the Company will be registered in Luxembourg as a UCI Part II Investment Fund. The submission of the Prospectus and related documentation to the Commission de Surveillance du Secteur Financier (CSSF), the Luxembourg financial supervisory authority, is pending finalisation of certain legal documents. The Directors expect that the application will be submitted to the CSSF during the third quarter of 2017.
- The directors of the Company approved on 17 August 2017 a proposal made by the Investment Manager to defer one-third, equivalent to USD 1,044,306 (the "Deferred Portion"), of the incentive fee payable as described in Note 8 "Related Party Transactions – Incentive fee" (FS28). The Deferred Portion shall be deferred for a period of up to 5 years from 30 June 2017 (the "Deferral Period") and shall be paid when (i) the Investment Manager is entitled to receive incentive fees in relation to any financial year during the Deferral Period in accordance with the applicable terms of the Investment Management Agreement Side Letter dated 11 September 2013 and (ii) the investment performance which is calculated on a NAV per share basis exceeds the increase in VNAS Index for the relevant financial year by 5%. All other terms of the Investment Management Agreement Side Letter dated 11 September 2013 shall remain applicable and in force.

Key Parties

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

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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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ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

VIETNAM
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Annual Report 2018

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VIETNAM
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Contents

Chairman's Statement

The last 12 months have been a period of significant change for VNH. At the AGM on 21 September 2017, the previous Board stepped down and, subsequently, five new directors were appointed in their place. The new Board initiated a broad review of all aspects of the Fund, particularly the areas of Corporate Governance, investment management and share buybacks/discount level. We discuss the changes that have been implemented as a result of this review, as well as providing an overview of the proposals we are tabling for approval at the AGM to be held in London on 31 October, 2018.

Investment Management Changes

On 16 July 2018, the Fund appointed Dynam Capital as the new investment manager, on substantially reduced fee terms compared with those of the previous manager, VNH Asset Management ('VNHAM'). Dynam Capital is a newly established firm set up and owned by Vu Quang Thinh and Craig Martin. Vu Quang Thinh has been the lead portfolio manager of VNH since July 2011 and was the Chief Investment Officer of VNHAM until June this year. He is the Chief Investment Officer and Managing Director of Dynam. Craig Martin is the executive Chairman of Dynam Capital, and also sits on the Investment Committee. Craig was head of Private Equity at Prudential Vietnam, and most recently co-CEO of CapAsia, an Asia focused private equity manager. We are pleased to say that the key members of Vu Quang Thinh's previous Vietnam based team have joined Dynam Capital.

As part of the formal transition to Dynam, the Board agreed a termination settlement with the previous manager, VNHAM, that had no net impact on VNH's NAV. The Board would like to thank VNHAM for their support and co-operation in the handover process.

An unusual feature of VNH prior to the appointment of the current Board was the Directors' involvement in portfolio decisions. The new Board believes this is best left to the investment management team, and has therefore reduced the Board's involvement in investment management matters to the extent permitted by VNH's current investing policy.

Corporate Governance Improvements

One particularly unsatisfactory feature of VNH was the previous Board's entitlement to a share of the then investment manager's incentive fee, and, in the case of the former Chairman, substantial discretionary bonuses. In the Board's view, such entitlement and payments created a conflict of interest, as one of a Board's key duties is assessing the performance of its Investment Manager. The new Board has removed any such contractual entitlement and will not be receiving incentive fee payments or bonuses.

Furthermore, as was reported in the interim results published in March 2018, VNH's published annual report for the year to 30 June 2017 failed to fully disclose the previous Board's full remuneration, in particular the award of a bonus of $150,000 paid to the former Chairman in 2016/17. The previous Board also awarded and paid the former Chairman a bonus of $100,000 the day before she stepped down from the board in September 2017.

We were pleased to announce on 7 September, 2018 that VNH successfully negotiated the repayment of $125,000 of such bonus payments from the previous Board.

Share Buyback and Discount

While VNH 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 for immediate cancellation. Such repurchases provide a certain, near immediate and substantial return on the capital used, accreting value to NAV per share; they provide liquidity to shareholders and limit the discount at which VNH's shares trade. Shareholders approved a renewal of the share buyback authority at an EGM on 9 July 2018, with an increase from 10% to 14.99% of shares outstanding.

Since the last AGM in September 2017, the Fund has repurchased and cancelled 7,836,916 shares. The 52 week average discount at which VNH's shares have traded has narrowed over the past year from 19.0% to 13.6% on 28 September 2018. The Board is pleased to note that the 52 week average discount of VNH is now narrower compared to the other two London listed Vietnam funds.

Continuation vote, Tender Offer and move to the London Stock Exchange's Premium List

VNH is required to put forward a Continuation Vote at this year's AGM. A separate Circular is being published with detail of the AGM agenda which includes the Continuation Vote and a number of other proposals. In summary, in addition to the usual AGM business, these are:

- VNH is proposing a Tender offer for up to 15% of its outstanding shares at a 2% discount to realised NAV;
- Moving VNH's listing from the AIM market to the Premium List of the London Stock Exchange;
- Re-domiciling VNH from the Cayman Islands to Guernsey;
- The adoption of revised Articles of Incorporation; and
- Continuation of VNH for a further five years

The Board is also pleased to note that Dynam Capital is in the process of re-domiciling to Guernsey as a Guernsey Financial Services Commission regulated Investment Manager. This re-domiciliation will enable a number of potential investors (who can only invest in vehicles managed by regulated fund managers) to invest in VNH.

Further details on the various proposals, and the reasons why the Board believes that they are in the best interests of shareholders are contained in the Circular. Shareholders are urged to review this document and vote in favour of the various proposals at the forthcoming AGM.

Performance

The NAV per share fell by 2.0% to $3.061 in the six months to 30 June 2018. Over the same period the Vietnam All Share Index (the VNAS Index) fell by 5.0%. For the full financial year 2017/18 VNH's NAV increased by 6.6%, compared to a full year gain of 14.9% in the VNAS Index.

While the performance of the Vietnamese stock market and the Fund has been disappointing in the final months of this fiscal year, driven in part by US Dollar strength and broad concerns about Emerging Markets, the fundamentals in Vietnam continue to be strong. As a result, valuations across the portfolio look increasingly attractive. Dynam Capital provides a more detailed portfolio and performance analysis in their report below.

Milton Lawson has advised the Company that he wishes to step down from the VNH board. Accordingly he is not offering himself for re election at the AGM. The rest of the Board would like to thank him for his contribution to their deliberations over the past year during a period of significant change at VNH and wish him every success in the future.

The Board would like to thank shareholders for their support and look forward to a continued active dialogue.

Sean Hurst, Chairman
VietNam Holding Limited
8 October 2018

Investment Managers' Report

The performance of the Company and the Vietnamese stock-market overall in 2018 is a story in two distinct parts. The first six months saw a bull-run in Vietnam equities reminiscent of 2007 when the Vietnam Index last peaked, and all managers appeared to have the Midas touch. Conditions in late 2017 appeared relatively benign, and the interest in M&A in Vietnam surged, with Thai and Singaporean conglomerates bidding for significant stakes in Vinamilk, and the froth ran down the side of Sabeco's long-awaited listing (it had technically IPO'ed almost ten years ago). By 31 December 2017 the VN index reached 1000 and the Vietnam equity market's increase of over 50% made it a top performer. When the Fund reported its December 2017 performance, the NAV per share had increased 17.8% and share price had risen 23.1%, and the MSCI EM index had also risen by 34.3%. The ebullience continued until early April, with the VN index reaching an all-time high of 1204.33, a year-on-year increase of almost 65% in USD term, and then the music abruptly stopped playing and guests began to leave the party.

The sharp correction is different from ten years ago. The Vietnam equity market is a different animal: the stocks are more widely held, the market capitalization reached USD 178 billion versus USD 32 billion and there are 1,498 listed companies versus 249 at the end of 2007. That said, it is a market where domestic investors are fickle and react quickly to the flows of foreign capital. As the US started to raise interest rates, a decade on from the Lehman crisis, broad EM flows turned negative, and hot money also left VN, with domestic investors choosing to retreat and watch from the sidelines. In the last months of the financial year, VNAS retreated completely, giving up all its gains, and ending 5 percent down since 31st December 2017, with the MSCI EM index also retreating to negative 7.7%. in the same period. Over the full financial year VNAS had increased 14.9% and the MSCI EM index rose 5.8%; during the same period the Fund's NAV per share was up 6.6% and the share price increased 13.5%.

Liquidity remains low in much of the broader market and is very concentrated in the main constituents of the Index. Vinamilk (VNM) and Mobile World Group (MWG) remain the two 'go-to' stocks for foreign investors (the latter trading at a premium to market price of c. 25%). During the year we have taken profits in VNM and continued to build a position in Mobile World Group. Vinamilk, one of the first listed stocks, and a former SOE, has been the stalwart of the Vietnam stock-market for the last 15 years. MWG is a more recent success story in Vietnam, generating eye-watering multiples of return for its private equity backers at IPO and then powering ahead once listed; the management team are taking their knowledge of retail of electronic devices (mainly mobile phones) into the broader retail space, quickly gaining market share in groceries and other areas. Stocks such as VNM and MWG are now well-known and well-researched names for all investors in Vietnam. A much broader coverage of stocks is required for a value-investing fund as such VNH, and that calls for specialized on-the-ground research.

Performance of VNH

The VN All Share Index Total Return (VNASTR) gained 17.2% during the period under review. By comparison, the VNH NAV finished the fiscal year with a more modest 6.6%. The divergence between this particular benchmark and the Fund's NAV performance is partly explained by the widening performance gap between large-cap stocks that drive the VNASTR and the mid-cap stocks in the portfolio of VNH. During the review period, the trailing P/E of the VN30 Index expanded by 48.5% from 13.4x in 03 Jul 2017 to its peak of 19.9x in 09 Apr 2018; the trailing P/E of the VN70 Index grew by only 6.2% from 12.9x to 13.7x. In other words, the VN30 Index was trading at a 45.4% premium to the VN70 Index at the 'peak' compared to just a 3.9% premium at the beginning of the period. This resulted from the large inflows into IPOs, new listings, and state divestments, lifting the value of stocks such as Vinamilk, Sabeco, Binh Son Refinery, PV Power, Genco 3, Techcombank, VPBank, Vinhomes, and Vincom Retail. In December 2017 ThaiBev controversially acquired a 53.6% stake in Vietnam's beer giant Sabeco (one of the

Strategic investors showed their willingness to pay a significant premium for major shares in marque brand-owners; financial institutions, including ETFs and open-ended funds, flocked to large liquid large cap stocks, and local retail investors followed suit using margin lending. The valuation premium of the VN30 constituents over the broader VN70 index members has remained at above 40% even after the bear market correction. We think it is reasonable to believe that the valuation gap between the two sets of index members would revert to more reasonable levels in the future.

Strategy of VNH

The spectacular growth and then the rapid correction of the Vietnamese stock market over such a short period of time has necessitated adjustments (at least in terms of expectations) on the part of all Vietnam investment managers. As a long-term value investor, we see three dynamic factors that will allow investors get exposure to Vietnam. Firstly, new large-cap IPOs and listings in both SOE and private sector will offer attractive investment opportunities for investors and remain a key investment theme for several years. Secondly, the Vietnam equity market could become a member of the MSCI Emerging Market Index by 2020, necessitating more regional funds to hold Vietnamese stocks. Lastly, the structure and sources of domestic capital will continue to develop, increasing the number of local ETFs, mutual funds and market-access products, including derivatives. The last two factors will help drive market liquidity and depth. The first factor will enable the Fund, as a value investor, to research, analyse and select a number of privatisation prospects, and pre-IPO candidates that meet our strict criteria of growth combined with sound commitments to sustainable ESG practices.

2018 Outlook

The outlook for the next year is uncertain. Higher interest rates in the US, will provide additional strength to the USD; for much of the year the fund flows from EM has been negative, and with continuing uncertainty on trade tariffs and the prospects of a lengthy trade war with China, there could be further pressure on the Vietnam Dong. Vietnam is susceptible to further VND weakness, and likely higher levels of inflation than the Government is willing to admit. Vietnam could be an unexpected winner in a lengthy trade war with China, as its manufacturing sector has developed and advanced, however the ramifications for ASEAN, which accounts for 10.1% of Vietnam's exports is also far from clear. There is value in some of the growth stocks, and with forecast EPS growth in excess of 20%, a P/E valuation for the market of 14x is not demanding. That said, VND depreciation is likely to be above the 20-year trend of 2% and closer to 3%.

In the short-term the VN-Index may suffer, or move sideways, due to concerns on a prolonged trade war and capital outflows from emerging markets in general. Nevertheless, we remain positive on Vietnam's long term outlook for the following three reasons. Firstly, the continued development of the banking sector which is healthier after emerging from the painful process of resolving bad debts incurred during the past financial crisis: Bancassurance and other financial products and services will contribute non-interest income, which may be needed as credit growth is controlled at a level of 18%. Secondly, a more sustainable and deeper real-estate market as long-planned urban infrastructure becomes closer to reality (metro and overhead railways). Lastly, a richer and emergent middle class will drive consumer behaviour: as Vietnam's per capita GDP passes USD 2,500 there are increasing amounts of disposable income, for upgrades to education, housing and transportation options (more cars) and discretionary purchases of consumer goods.

After the year-end Dynam Capital took over the management of the Fund (commencing on 16 July 2018). The team is focused on continuing the value-driven mandate of the Fund. Being a value investor comes at a price: there will be periods of underperformance against the index. The Manager is focused on building a diversified portfolio, constructed with robust limits to sectors and individual positions, but also to focus on mid-cap companies, often where liquidity is low.

Dynam Capital Management

Hoa Phat Group (HPG)

SHARE INFORMATION (as at 30 Jun 18)	
Stock Exchange	HOSE
Date of listing	15 November 2007
Market capitalization (USD million)	3,552
Free float	58.8%
Foreign ownership	39%
2018 price/earnings ratio	8.5

VIETNAM HOLDING'S INVESTMENT	
Date of first investment	20 June 2013
Ownership	0.47%
Percentage of NAV	8.2%
Internal rate of return (annualized)	43%

FINANCIAL INDICATORS	2016	2017
Equity capital (USD million)	871.7	1,411.0
Revenues (USD million)	1,448.1	2,010.6
Revenue growth (in VND)	18.7%	38.8%
EBIT (USD million)	351.2	425.5
NPAT (USD million)	295.1	349.1
EPS (VND)	3,404	3,883
EPS growth	82.0%	14.1%
Gross margin	26.2%	23.1%
EBIT margin	23.6%	21.2%
ROE	35.3%	30.7%
D/E	0.3x	0.4x
Current ratio	1.5x	1.8x

Sources: Annual Reports and Bloomberg

About the Company

Starting out as a small construction equipment trading company in 1992, Hoa Phat Group (HPG) has become one of the leading industrial manufacturing groups in Vietnam specialising in the production of construction steel, steel pipes, office furniture and equipment. Steelmaking continues to be the core business and contributes over 86% of total revenue and profit. In 2017, HPG had a local market share of 24% and 26% in construction steel and steel pipes respectively.

As of 31 December 2017, HPG had 11 subsidiaries with a large workforce of 15,944 employees, up +23.7% YoY.

Recent Developments

2017 was a successful year for HPG and the company achieved its highest operational results in its 25-year history. HPG posted revenue and profit growth of 38% and 21% YoY, respectively, mainly contributed by construction steel and steel pipe. Total sales volume reached over 3 million tonnes of steel products (25% growth of YoY), in which construction steel contributed 2.2 million tonnes, steel pipe 600,000 tonnes and pre-galvanized steel making up the balance.

HPG is finalising the Hoa Phat Dung Quat Steel Integrated Complex in Quang Ngai Province with an annual projected capacity of more than four million tonnes of steel. The project is fully integrated from iron ore to billets, construction steel, high-quality steel, hot rolled coil steel, steel pipe, steel sheet and prestressed steel. HPG is targeting to be included in the Top 50 list of world leading steel enterprises with targeted annual revenues of approximately USD5 billion by 2020.

Other traditional business segments, such as office furniture and equipment achieved encouraging results. HPG also diversified into the agricultural sector, generating revenue and profit from animal feeds and husbandry products.

Sustainability Strategy

As a key player in the heavy industrial segment, HPG recognizes the importance of a sustainable development strategy encompassing new product development, production efficiency improvements, energy efficiency, environment protection and CSR activities.

ESG Achievements

HPG will launch hot rolled coil steel in 2019 and become the first enterprise to produce this product in Vietnam.

For energy saving and environmental protection, HPG has installed a system for the collection and treatment of redundant gases and heat, in order to run an internal thermal power plant that covers 50% of the total power demand of the Integrated Complex. The company also applied different kinds of methods to re-circulate 100% of water in all its production lines, and to reduce dust using modern dust filtering systems.

In 2017, the company continued to sponsor a number of social responsibility campaigns such as "Heartbeat love", "Spring of love", "Charitable meal-Honorable hearts" and "Join hand with students and for the community".

ESG Challenges

Although steel is a recyclable material, primary steel making is energy intensive and poses challenges of minimizing environmental pollution. The company is compliant with all local environmental standards and will aim to apply international industry standards for its new plants. HPG needs to measure the carbon footprint emission of its current energy usage, compare it with the sector benchmark and apply appropriate strategies to mitigate the effects. The company is also diversifying its activities into the food chain and agribusiness sectors.

Phu Nhuan Jewelry (PNJ)

SHARE INFORMATION (as at 30 Jun 18)	
Stock Exchange	HOSE
Date of listing	23 March 2009
Market capitalization (USD million)	614
Free float	64.4%
Foreign ownership	49.0%
2018 price/earnings ratio	16.4

VIETNAM HOLDING'S INVESTMENT	
Date of first investment	8 December 2009
Ownership	2.6%
Percentage of NAV	7.8%
Internal rate of return (annualized)	34%

FINANCIAL INDICATORS	2016	2017
Equity capital (USD million)	65.3	128.5
Revenues (USD million)	373.0	478.1
Revenue growth (in VND)	11%	28%
EBIT (USD million)	31.6	41.3
NPAT (USD million)	19.6	31.6
EPS (VND)	2,661	4,185
EPS growth	500%	57%
Gross margin	16%	17%
EBIT margin	8%	9%
ROE	30%	33%
D/E	1.0	0.3
Current ratio	1.5	2.6

Sources: Annual Reports and Bloomberg

About the Company

PNJ is the leading manufacturer and retailer of jewelry products in Vietnam. The company has an experienced team comprised of jewelry designers and over 1,000 skilled goldsmiths. PNJ is the only jewelry house in Vietnam with a production capacity of 4 million units per annum. The company has 29-years of experience in the industry, with a professionally managed and well-respected brand.

PNJ offers a product range from low-end to luxury jewelry to serve different client segments across its nationwide network of 269 retail stores (2016: 219 and 2015: 186) including 202 Gold Class, 63 Silver Class, and 4 Premium Class stores, alongside over 3,000 wholesalers. Its closest competitor operates around one-fourth of PNJ's store network. The company currently enjoys a market share of 28%.

PNJ aims to become one of the top players in the Asian jewelry industry after exiting (and fully providing for) all non-core investments it made in 2016. The company has cooperated with consultants from Italy (Value Partners) and international jewelers in the U.S. (Zales and Tiffany & Co.) to enhance its jewelry designs, craftsmanship, manufacturing capability, and retail systems

Recent Developments

PNJ's 2017 performance was strong with its profit after tax (PAT) increasing 61% YoY on a reported basis, and 41% on a recurring basis. The growth was mostly due to revenue contribution of the high-margin retailing segment increasing to 52% from 48% in 2016; on the back of 21% same-store-sale-growth.

PNJ has changed its product mix to increase its profitability. The strategy is to focus on the higher gross margin Jewelry segment (29%), while lowering its low gross margin gold bar trading segment (less than 2%). Thus, sales from jewelry segment has replaced that of gold bar trading to become the key contribution to its sales mix. Accordingly, gold bar trading now constituted less than 20% of sales, a sharp reduction from around 40% during the 2011 to 2015 period. Additionally, inventory levels and production processes have been optimized by implementing an ERP system.

Sustainability Strategy

PNJ's Sustainable Development strategy was established based on the UN's 17 Sustainable Development Goals. The strategy is built upon five pillars, which are (i) Economic growth via full concentration on core jewelry business, (ii) Social development by providing proper annual training to employees, (iii) environmental protection through processing of toxic waste in an environmental-friendly manner and promotion of energy efficient focused practices, (iv) Labor force development by creating a safe and unprejudiced working atmosphere to not only attract but also nurture talent, and (v) Community building via effective investments in community projects.

ESG Achievements

PNJ has firm policies in place to ensure that its precious stone purchases are from legitimate sources rather than conflict zones. The company has also reduced its raw material waste to below the industry standard of 1%.

In April 2018, the roles of Chairperson and CEO were segregated.

Since 2012, PNJ has implemented several HR projects, such as restructuring its organizational hierarchy, standardizing the hiring process, reforming the HR operating model, building a leadership competency framework and setting KPIs. These efforts have played a vital role in PNJ delivering its recent impressive business results.

ESG Challenges

The company has been in the spotlight during the year due to investigations into Dong A Bank, and the husband of the Chairwoman of PNJ. This has impacted its reputation among some investors, although there has been no financial impact.

Saigon Cargo Service Corporation (SCS)

SHARE INFORMATION (as at 30 Jun 18)	
Stock Exchange	UPCOM
Date of listing	12 Jul 2017
Market capitalization (USD million)	459.20
Free float	99.12%
Foreign ownership	19.34%
2018 price/earnings ratio	21.1
VIETNAM HOLDING'S INVESTMENT	
Date of first investment	15 Sept 2017
Ownership	4.35%
Percentage of NAV	9.84%
Internal rate of return (annualized)	124%

FINANCIAL INDICATORS	2016	2017
Equity capital (USD million)	33.5	39.8
Revenues (USD million)	21.6	25.6
Revenue growth (in VND)	45.4%	18.6%
EBIT (USD million)	12.6	16.9
NPAT (USD million)	10.7	15.0
EPS (VND)	5,012	6,599
EPS growth	80.0%	31.6%
Gross margin	72.4%	77.0%
EBIT margin	58.2%	65.8%
ROE	31.8%	37.4%
D/E	0.1x	0.01x
Current ratio	2.3x	4.3x

Sources: Annual Reports and Bloomberg

About the Company

Since its establishment in 2008, Saigon Cargo Service Corporation (SCS) has strengthened its position to become the leading air cargo terminal operator at Ho Chi Minh City's Tan Son Nhat airport. SCS offers a wide range of services from customs paperwork, security screening, packing, storing and consolidating airfreight.

During the initial stages of its operation in 2008, SCS had only three clients, including Cargolux, Cardigair and Lufthansa airlines. As of June 2018, SCS has 28 airlines in its customer base, and handles approximately 36% of total air cargo throughput volume at Tan Son Nhat airport.

Recent Developments

SCS reported good 2017 results with revenue and profit growth of 18.6% and 40.5% YoY, respectively. The two key contributors to profit growth were the improvement in service pricing and the reduction of interest expense burden. SCS has the opportunity to grow its market share over the next three years as it operates at 53% of its designed capacity while its two main competitors (TCS and Vietnam Airlines) are at full capacity. SCS is also the only air cargo terminal in Vietnam having a container freight station, warehouse and bonded warehouse.

Sustainability Strategy

Operating in an industrial sector which requires significant energy input, SCS's main sustainability development strategy focusses on applying different solutions to save and reuse energy efficiently, improving production and business processes and protecting the environment.

ESG Achievements

In order to reach the targets in energy saving and environmental protection, SCS has used technology: (i) information management to control and check cold store systems; (ii) Applying inverter technology for air conditioner system to save more energy; (iii) Applying BMS system for lighting system and ventilation fan, in reduce energy waste; and (iv) using LED lighting system to reduce electricity consumption. In 2017, total energy consumption efficiency showed improvements over previous years.

ESG Challenges

Given its financial strength, and nationwide demand, SCS is now looking for M&A opportunities to expand to other airports in the north and the central regions of Vietnam. However, most M&A targets have weak corporate governance, lack transparency and have cross share-holdings. Therefore, the issue of how to manage high inorganic growth and maintain a culture of good corporate governance is considered as a key challenge for SCS.

FPT Corporation (FPT)

SHARE INFORMATION (as at 30 Jun 18)		FINANCIAL INDICATORS	2016	2017
Stock Exchange	HOSE	Equity capital (USD million)	414.9	497.7
Date of listing	13 Dec 2006	Revenues (USD million)	1,721.8	1,858.0
Market capitalization (USD million)	1,108	Revenue growth (in VND)	4%	8%
Free float	73.9%	EBIT (USD million)	132.8	137.9
Foreign ownership	49%	NPAT (USD million)	86.7	127.7
2018 price/earnings ratio	12.3	EPS (VND)	2919	4299
VIETNAM HOLDING'S INVESTMENT		EPS growth	3%	47%
		Gross margin	21%	23%
Date of first investment	8 Jan 2007	EBIT margin	4%	4%
Ownership	1.19%	ROE	21%	26%
Percentage of NAV	6.5%	D/E	1.0	0.4
Internal rate of return (annualized)	16%	Current ratio	1.2	1.4

Sources: Annual Reports and Bloomberg

About the Company

FPT, founded in 1988, operates as a software developer, provider of IT and telecom services, and distributor/retailer of IT and communication products. The company has held the leading position in the local IT industry since 1996. In an industry that typically has high staff turnover, FPT has some advantage through its 100% owned subsidiary, FPT University. The company employs the largest engineer workforce in Vietnam, with 32,092 employees, +13% increase over last year; including 13,400 engineers and technology experts. FPT offers outsourcing services to more than 550 globally well-known customers and partners, including 64 customers in the Fortune 500. Additionally, the company owns a comprehensive telecom infrastructure with a main North-South link, that has recently been upgraded from copper wire to fiber-optic cables. The private telecom network has enabled FPT to expand its telecom services to all 64 provinces of Vietnam. FPT aims to become an internationally recognized full IT services provider. With that goal in mind, it has been focusing on expanding its overseas markets.

Recent Developments

FPT delivered strong business results in 2017. Net sales were up 8% YoY and Net profits were up 47% YoY. One of the key contributors to earnings growth was the one-off profits from spinning-off stakes in the FPT Trading and Retail businesses. The company's performance was also driven by Software Outsourcing. All of FPT's outsourcing markets registered robust revenue growth, such as Japan up 26% YoY, the U.S. up 17% YoY, the E.U. up 7% YoY, and APAC countries up 33% YoY. The Japanese market contributed the largest (58%) share of the company's outsourcing sales.

Sustainability Strategy

FPT's sustainability strategy is guided by technological innovations with commitments to the highest level of customer satisfaction and the country's prosperity as a whole. Its sustainable development model consists of three pillars, which are (i) Profit, achieved by competitive enhancements, (ii) People, driven by developments of human resources and community activities, and (iii) Planet, via environmental protection.

ESG Achievements

In 2017, the company spent nearly USD 1.7 million on social responsibility activities and created around 4,000 new jobs. FPT has a strong focus on training. Each employee received 9 training courses, with a total of 56 hours, up 36% YoY in 2017. The training budget was USD 3.6 million, up 103% YoY. The company also established the FPT Corporate University (FCU) on the foundation of the FPT Leadership Institute (FLI) to promote FPT as an education provider. The building received the EDGE (Excellence in Design for Greater Efficiencies), awarded by the IFC. Additionally, the Administrative Building of FPT University won the 2014 Green Architecture Award, hosted by the Vietnam Architects' Association. Furthermore, its university and data centers have also implemented energy efficiency solutions to reduce CO2 emission annually.

ESG Challenges

FPT has continued to improve the effectiveness of its corporate governance to ensure operations transparency and efficiency. Effective Balanced Scorecard (BSC) and management training has been successfully offered and applied in all business units at FPT.

Viet Capital Securities (VCI)

SHARE INFORMATION (as at 30 Jun 18)	
Stock Exchange	HOSE
Date of listing	07 July 2017
Market capitalization (USD million)	431.18
Free float	95.00%
Foreign ownership	40.63%
2018 price/earnings ratio	10.1

VIETNAM HOLDING'S INVESTMENT	
Date of first investment	21 April 2017
Ownership	4.41%
Percentage of NAV	9.38%
Internal rate of return (annualized)	48.00%

FINANCIAL INDICATORS	2016	2017
Equity capital (USD million)	56.1	131.5
Revenues (USD million)	39.9	66.9
Revenue growth (in VND)	27.5%	77.3%
EBIT (USD million)	24.2	42.5
NPAT (USD million)	15.0	28.5
EPS (VND)	2,404	4,020
EPS growth	-31.6%	67.2%
Gross margin	70.6%	71.2%
EBIT margin	60.8%	63.5%
ROE	29.8%	29.0%
D/E	0.9x	0.6x
Current ratio	1.8x	2.6x

Sources: Annual Reports and Bloomberg

About the Company

VCI, founded in 2007, has dominated the investment banking (IB) field in Vietnam during the last seven years. The company helped advise and close several of Vietnam's major capital market transactions for leading industry players including Mobile World (2014), Argo Nutrition International (2015), VietJet Aviation (2016), Vietnam Prosperity Bank (2017) and Techcombank (2018).

Due to strong support from its IB division, VCI commands the leading position in institutional brokerage with 24% market share in 2017, and 25% in the first half of 2018. Overall, the company has been ranked one of the top three brokerages in Vietnam. VCI's institutional sales department is well regarded for its extensive global client base, technology platform, execution, research, and corporate access.

VCI is led by a professional Board of Directors with a majority of non-executive directors.

Recent Developments

VCI's H1 2018 performance was encouraging. Net revenue reached VND 1,027.9bn, up +74.3% YoY, and net profit after tax was VND 530.6bn, up +93.1% YoY. The company's IB division, institutional brokerage team, and principal investment unit contributed significantly to VCI's H1 2018 NPAT growth. Partly due to the successful Techcombank deal in H1 2018, the brokerage segment and investment banking segment, collectively grew by 324.8% YoY.

In August 2018, VCI opened its foreign ownership limit (FOL) to 100%, which helped improve daily liquidity of the company.

Sustainability Strategy

VCI's long-term strategy is to remain the top-rated investment banker in Vietnam. Therefore, the company will continue to focus on institutional brokerage. VCI's IB team have proven ability in closing private placements and IPO deals. Institutional brokerage and IB divisions typically generate higher margins, setting VCI apart from some local competitors, who concentrate on the more capital intensive and highly competitive local retail brokerage sector.

ESG Achievements

In a people-business, VCI has focused on providing staff with competitive base salaries, with incentives to encourage higher productivity and quality. Each year VCI makes charitable donations and sponsors local endeavors, which in recent years have included daycare centers for children with disabilities, support for poor farmers, families, and students, and healthcare programs.

VCI's activities abides by SSC guidance per Decision 105/ QD-UBCK, dated 26 February 2013, governing risk management systems in securities companies.

ESG Challenges

Staff turnover in the research department of VCI is still high compared to peers. Therefore, retaining talent continues to be a significant challenge.

Directors' Report

The Company is a closed-ended investment company, incorporated on 20 April 2006 in the Cayman Islands. The Company's Ordinary shares ("Shares") were admitted to trade on AIM (formerly the Alternative Investment Market) of the London Stock Exchange in June 2006.

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.

The Company has no employees.

Results and distributions

The results for the year ended 30 June 2018 are set out in the Statement of Comprehensive Income on page 20.

A review of the Company's activities is contained in the Chairman's Statement on pages 1-2.

Particulars of the authorised and issued share capital are set out in note 5 Share Capital of the Financial Statements.

Directors

The Directors holding office during the financial year and to date were as follows:

Sean Hurst (Chairman)	(appointed 13 October 2017)
Hiroshi Funaki	(appointed 22 September 2017)
Milton Lawson	(appointed 20 September 2017)
Damien Pierron	(appointed 13 October 2017)
Philip Scales	(appointed 20 September 2017)
Min-Hwa Hu Kupfer	(retired 21 September 2017)
Professor Dr. Rolf Dubs	(retired 21 September 2017)
Nguyen Quoc Khanh	(retired 21 September 2017)

Auditor

KPMG Audit LLP, being eligible, has expressed its willingness to continue in office.

Subsequent events

For a summary of significant events occurring subsequent to 30 June 2018, please refer to note 16 Subsequent Events, of the Financial Statements.

By Order of the Board

Philip Scales
Director

8 October 2018

Sustainability Report

Sustainability principles

Vietnam's stable macroeconomic and political environment, impressive increase in foreign direct investment (FDI), and rapid economic growth have been bringing significant social benefits to the country, particularly reflected in improved living standards and higher per capita GDP. However, like many other emerging markets, Vietnam and its business community are facing increasing challenges to strike a good balance between economic growth and sustainability on several dimensions.

Vietnam Holding (VNH), as a long-term value investor in Vietnam, strongly believes that sustainability-minded companies can outperform their peers in the longer run. Such companies focus on areas that support their long-term business development, rather than just focusing on short-term earnings uplifts: balancing and aligning interest between stakeholders, providing a diverse and satisfactory workplace for employees, enhancing productivity and profitability through research and development activities, and investing in environmental sustainability.

Based on these principles, VNH is committed to the application of sound sustainability criteria in its value investing approach. The Company integrates a consideration of ESG standards in its investment processes despite the lack of consistent reporting on ESG matters that is inherent in emerging markets. A custom-made questionnaire for Vietnamese companies formed the basis of the Company's ESG analysis toolkit. VNH chooses to invest in enterprises which meet its requirements in both financial and ESG matters.

VNH avoids knowingly making investments into Companies involved in products and services with known negative effects such as businesses dealing in tobacco, firearms, distilled alcohol and gambling, and companies engaged in pollution, child labor, or other damaging business practices.

Key sustainability issues

In the past, in Vietnam there has been a general lack of comprehensive information on sustainability issues and specific company ESG criteria: such as the level of CO_2 emissions, waste water treatment, employee health and welfare, and remuneration and independence of company boards. Recently, however, Vietnam has made considerable progress in the early stages of sustainable investment. Since 2005 Vietnam has introduced significant milestones in legal framework including the Enterprise and Securities Laws, corporate governance regulations for listed companies, requirements related to the corporate disclosure of information for the stock market, and regulations on corporate governance in the banking sector. On 26 June 2017, a decree on corporate governance for public companies was announced. Earlier last year, on 23 March 2017, the Ho Chi Minh Stock Exchange (HOSE) announced the initiation of a Sustainability Index which promotes ESG standards for its member companies. The Vietnam Sustainability Index is based on OECD Principles of Corporate Governance, the GRI Standards, current regulations on information disclosure and corporate governance, and advice from experts, market insiders and financial organizations. Along with the evolution of the equity market, the increasing presence of institutional investors in Vietnam helps bring ESG practices of Vietnam business community closer to international standards. In April 2017, under the Vietnam Corporate Governance Initiative led by IFC with the supports from SSC, HOSE, and HNX, the Vietnam Institutes of Directors (VIOD) was established to promote corporate governance standards and best practices in Vietnamese corporate sector. The CEO of VNH's Investment Manager, Mr. Vu Quang Thinh, was elected as a board member of the organization, together with other leading corporate governance practitioners in the market.

Significant challenges remain in the area of enforcement, particularly related to environmental issues, where the problems may be complex and might need collaboration at many levels of authority.

Shareholder voting

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

During this reporting period the Investment Manager attended 26 AGMs in which a total of more than 240 individual agenda items were proposed. The investment team considered each issue based on strategic merits and long-term profitability.

As a practice, the Investment Manager discussed with the investee companies' BODs regarding most significant issues, and in most cases, VNH voted for the agenda items proposed by the companies' Boards of Directors. VNH abstained from voting in two cases: (i) where there was a proposal for a short lock-up period of ESOP shares and (ii) a merger plan with controversial corporate governance.

UN PRI

Through the long-term relationships of the Investment Manager's senior staff and advisors, and during the past twelve eventful years as an investor in Vietnam, VNH has developed a strong local and international network of partnerships. At its AGM in 2009, shareholders voted to endorse the comprehensive alignment of VNH's investment policy with the United Nations' Principles for Responsible Investment (UN PRI), the world's leading proponent of responsible investment. Consequently, ESG factors are now fully incorporated into our investment analysis and engagement strategy. On top of this, we report annually on our responsible investment activities through the PRI Transparency Report.

PRI

Corporate Governance Report

Corporate Governance

The Board of the Company has recently adopted the Quoted Companies Alliance ("QCA") Corporate Governance Code in line with the London Stock Exchange's recent changes to the AIM Rules requiring all AIM-listed companies to adopt and comply with a recognised corporate governance code. The report, which sets out in broad terms how the Company complies with QCA at this point in time, is available from the Company's website. The Board will provide annual updates on compliance with the code.

The Directors also comply with AIM Rules and other relevant UK regulations, including the Market Abuse Regulations relating to directors' dealings, which came into effect on July 3, 2016. Accordingly, the Company has adopted a code for directors' dealings in securities of the Company based on AIM Rule 21.

The QCA is clear that it is the responsibility of the Chairman to ensure the Company applies the Code for the benefit of its stakeholders. It is constructed around 10 broad principles, accompanied by an explanation of what those principles entail together with a set of disclosure requirements.

The following sets out how the Company seeks to comply with each of the 10 principles.

Principle 1 – Establish a strategy and business model which promote long-term value for shareholders.

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. This is principally achieved by investing in the securities of public 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 also invest in equity securities or securities that have equity features, such as bonds that are convertible into equity.

An independent Investment Manager, Dynam Capital has been appointed to manage the portfolio in accordance with the Investing Policy and internal guidelines set by the Board. The investment team at Dynam Capital, who are based in Ho Chi Minh City, have extensive experience in the Vietnamese market and their principals also sit on the Investment Committee of VietNam Holding Limited.

A key component of the Company's strategy is a strong Environmental, Social and Governance policy ("ESG") which is monitored closely by both the board of the Company and Dynam Capital.

Further details are on both the Company and Dynam Capital's websites:

http://www.vietnamholding.com
http://www.dynamcapital.com

Principle 2 – Seek to understand and meet shareholder needs and expectations.

The Company is committed to listening and communicating openly with its shareholders to ensure that its strategy, business model and performance are clearly understood. All Board members have responsibility for shareholder liaison but shareholder contact is mainly dealt with by the Chairman of the Company and Chairman of the Management Committee in close liaison with the Company Advisors.

Copies of the annual and interim reports are sent to all shareholders and copies can be downloaded from the website. Other Company information is also available on the website.

In addition, the Company holds an AGM in each year, which gives investors the opportunity to enter into dialogue with the Board and for the Board to receive feedback and take action as necessary. The Investment Manager also holds an annual conference in Ho Chi Minh which current and prospective investors are invited to attend.

The Board reviews proxy voting reports and any significant negative response is discussed with relevant shareholders and, if necessary, where appropriate or possible, action is taken to resolve any issues. In the interest of transparency and best practice, the level of proxy votes

(for, against and vote withheld) lodged on each resolution is declared at all general meetings and in future will be announced

Principle 3 – Take into account wider stakeholder and social responsibilities and their implications for long-term success.

The Company's investment policy is closely aligned with the UN Principles for Responsible Investing (PRI). Investment decisions are made by combining sound financial analysis with an evaluation of material ESG issues. ESG factors are also an integral part of the portfolio management process. This active engagement aims to improve investee companies' ESG performance measured by key performance indicators. The investment decision process gives equal weight to rigorous financial analysis and interactive sustainability research. The Company believes that this approach helps to reduce portfolio volatility and broadens sound risk management with the objective to deliver superior long-term profits to investors.

The Company's stakeholders include shareholders, members of staff of its professional advisers, suppliers, auditors, bankers, regulators, industry bodies and the surrounding communities of where its investments are located.

The Board is regularly updated on wider stakeholder views and issues concerning the Portfolio both formally at Board meetings and informally through conversations. Representatives involved with the portfolios are invited to join Board meetings and provide a report to the Board. Engagement in this manner enables the Board to receive feedback and equips them to make decisions affecting the business.

Principle 4 – Embed effective risk management, considering both opportunities and threats, throughout the organisation.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.
Risk management is carried out by the Board who identify and evaluate financial risks in close co-operation with the Investment Manager. Details of risk factors are contained in the notes to the financial statements.

The Board has established a risk register which is tailored to the Company's business. This is a live document which will be maintained on an on-going basis.

Principle 5 – Maintain the board as a well-functioning, balanced team led by the chair.

The Board has five members, all of whom are independent non-executive and all of whom were appointed in September/October 2017 following the retirement of the previous board in September 2017.

The board is supported by four committees - audit, investment, management and remuneration committees. All board members are currently members of all committees – the Company is going through a period of considerable change following the changes in September/October 2017 and further changes are planned in 2018.

The Board has also very recently appointed an additional Administrator based in Guernsey to provide corporate governance, secretarial and compliance services to the Company. Until June 2018 these back up services were provided by the former Investment Manager.

Each director is required to allocate sufficient time to meet the requirements of their role including attendance at all Board meetings, the Annual General Meeting and committees of which they are a member.

Corporate Governance Report
(Continued)

As a minimum the Board aims to hold 4 meetings each year with further ad hoc meetings held as required. Given the level of corporate activity, as at 19 September 2018, 7 board meetings had been held since the 2017 AGM with all directors attending each meeting.

Going forward the Company intends to report annually on the number of Board and Committee meetings held during the year and the attendance record of individual Directors.

Principle 6 – Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities.
The Board members have a range of skills covering investment management, legal, banking, compliance and corporate governance as well as prior experience of acting as directors of companies listed on AIM. A profile of each board member is included in at the end of this Annual Report.

The Company's Nomad and lawyers are consulted on any matters where the external expertise is required, and external advisers attend board meetings as invited by the Chairman to report and/or discuss specific matters relevant to the Company.

Principle 7 – Evaluate board performance based on clear and relevant objectives, seeking continuous improvement.
A summary of each Directors experience and skill set is outlined on the website. The Directors are also identified and their roles and responsibilities are highlighted in the Report and Accounts.

The Board intends to undertake performance evaluations by the end of 2018 (one year after their appointments). The issue of succession planning will also be considered.

Board appointments are made after consultation with advisers and with major shareholders in some cases. Detailed due diligence is carried out on all new potential board candidates.

The Board will consider using external advisers to review and evaluate the effectiveness of the Board in future to supplement its own internal evaluation processes.

Principle 8 – Promote a corporate culture that is based on ethical values and behaviours.
The Board recognises that their decisions regarding strategy and risk impacts the corporate culture of the Company as a whole and therefore will impact performance. The Board is also mindful that the tone and culture it sets will impact many aspects of the Company and the way that stakeholders behave and form views.

The Company's main stakeholders are its shareholders, third party service providers and the employees of its professional advisers and service providers. The Board welcomes the views of all stakeholders, and in particular its shareholders who can contact the Directors by email / telephone.

On their appointments in 2017, the Board along with its advisers instigated a detailed review of all aspects of the Company's operations. As a result of the review, a number of actions have been implemented as detailed in RNS announcements made and reports contained in the 2017 Interim Financial Statements and this Annual Report.

The corporate governance arrangements that the Board have now adopted are designed to ensure that the Company delivers value to its shareholders in line with its investment objective.

The Company has adopted, a share dealing code for directors' dealings in securities of the Company which is in accordance with the requirements of the Market Abuse Regulation.

As described earlier, the Company also maintains an active ESG policy further details of which are available from the website.

http://www.vietnamholding.com/sustainability/policy

Principle 9 – Maintain governance structures and processes that are fit for purpose and support good decision-making by the board.
The Directors are responsible for reviewing and approving the following:

- Strategy and management
- Policies and procedures
- Financial reporting and controls
- Capital structure
- Contracts
- Shareholder documents / Press announcements
- Adherence to Corporate Governance and best practice procedures

In monitoring these key topics, the Board will be developing its Committee structure as well as the interaction with the new Administrator appointed as detailed in this report.

Principle 10 – Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.
The Board maintains four committees: an Audit Committee, an Investment Committee, a Management Committee and a Remuneration Committee. All Committees are made up of all five Directors who work closely on all board and committee matters. The Board also appoints the Investment Manager and is responsible for reviewing the performance of the portfolio and adherence with the investment policy. Additionally, the board must approve all investments which are over 4% of NAV at the time of investment.

The Audit Committee, chaired by Philip Scales, is responsible for appointing the external auditors, subject to shareholder approval, and reviewing the results of all audits. It is also responsible for reviewing internal business controls and audit procedures.

The Investment Committee, chaired by Milton Lawson, is responsible for monitoring the interaction between the Board and the Investment Manager and for reviewing the current investment policy. As Milton Lawson does not intend to stand for re-election at the 2018 AGM, the board will appoint a new Investment Committee chairman on his retirement

The Management Committee, chaired by Hiroshi Funaki is responsible for reviewing the overall structure of the Company and liaising closely with the Company's advisors to consider any changes to be implemented.

The Remuneration Committee, chaired by Damien Pierron meets annually to review fees paid to non-executive directors. For the financial year ended 30 June 2019, the Board intends to include separate reports from each committee.

Notices of previous shareholder meetings are available from the website and going forward, the Board intends to include the results of votes cast at general meetings in RNS announcements.
http://www.vietnamholding.com/investor-relations/shareholder-circular

The Company will continue to communicate with shareholders through:

- the Annual Report and Accounts and Interims;
- the Annual General Meeting;
- the daily announcement of the estimated NAV;
- the monthly investor report;
- ad hoc RNS announcements; and
  updates on the website.

Corporate Governance issues are currently considered by the Board as a whole.

On behalf of the Board of Directors:

Sean Hurst
Chairman

8 October 2018

Independent Auditors' Report

To the Shareholders of
VietNam Holding Limited
CO Services Cayman Limited
Willow House, Cricket Square
PO Box 1008
George Town, Grand Cayman
Cayman Islands, KY1-1001

KPMG LLP
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Report on the audit of the financial statements

We have audited the financial statements of VietNam Holding Limited ('the Company'), which comprise the statement of financial position as at 30 June 2018, the statements of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 19-40.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the International Financial Reporting Standards ('IFRSs') as adopted by the European Union so as to give a true and fair view of the financial position of the Company as at 30 June 2018 and of the financial performance, and cash flows of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs'). Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants ('IESBA Code'), the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ('ACRA Code'), together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements, the IESBA Code and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

We have determined that there are no key audit matters to communicate in our report.

Other information

Vietnam Holding Asset Management Limited, the Investment Manager of the Company, and the directors of the Company ("the directors") are responsible for the other information contained in the annual report. The other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Hong Cho Hor Ian.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore, 8 October 2018

Statement of Financial Position

As at 30 June 2018

	Note	2018 USD	2017 USD
Assets			
Cash and cash equivalents		3,122,618	10,323,903
Investments in securities at fair value	3	200,017,349	208,273,147
Accrued dividends		469,406	155,582
Receivables on sale of investments		101,485	-
Other receivables		-	13,318
Total Assets		**203,710,858**	**218,765,950**
Equity			
Share capital	5	122,020,264	141,822,097
Retained earnings		79,964,849	68,713,405
Total Equity, representing net assets attributable to shareholders		**201,985,113**	**210,535,502**
Liabilities			
Payables on purchase of investments		403,069	4,981,932
Other payables		134	139
Accrued expenses		1,129,493	3,248,377
Payables on Redemption		193,049	-
Total liabilities		**1,725,745**	**8,230,448**
Total equity and liabilities		**203,710,858**	**218,765,950**

The financial statements on pages 19 to 40 were approved by the Board of Directors on 8 October 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
As at 30 June 2018

	Note	2018 USD	2017 USD
Dividend income from equity securities at fair value through profit or loss		3,716,081	4,561,766
Net gain from investments in securities at fair value through profit or loss	7	13,419,988	30,275,746
Net foreign exchange loss		(105,071)	(119,173)
Interest income from investments in securities		3,815	90,314
Net Investment Income		**17,034,813**	**34,808,653**
Investment management fees	8	3,845,714	2,880,552
Incentive fees	8	-	3,132,919
Advisory fees		59,528	107,815
Administrative and accounting fees	10	140,231	111,404
Custodian fees	9	195,123	172,607
Directors' fees and expenses	8	636,387	349,872
Brokerage fees		165,839	58,455
Audit fees		47,675	41,904
Publicity and investor relations fees		132,668	154,520
Insurance costs		15,000	15,000
Administrative expenses		102,333	224,164
Risk management expenses		429,037	216,062
Technical assistance for investee companies		13,834	28,395
Total operating expenses		**5,783,369**	**7,493,669**
Change in net assets attributable to shareholders		**11,251,444**	**27,314,984**
Basic and diluted earnings per share	14	0.16	0.49

The accompanying notes form an integral part of these financial statements

Statement of Changes in Equity

As at 30 June 2018

	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 year				
Change in net assets attributable to shareholders	-	-	27,314,984	27,314,984
Total comprehensive income	-	-	**27,314,984**	**27,314,984**
Contributions and distributions				
Issuance of ordinary shares	41,030,628	-	-	41,030,628
Repurchase of own shares (note 5)	-	(4,685,979)	-	(4,685,979)
Total contributions and distributions	**41,030,628**	**(4,685,979)**	-	**36,344,649**
Balance at 30 June 2017	**166,551,875**	**(24,729,778)**	**68,713,405**	**210,535,502**
Balance at 1 July 2017	**166,551,875**	**(24,729,778)**	**68,713,405**	**210,535,502**
Total comprehensive income for the year				
Change in net assets attributable to shareholders	-	-	11,251,444	11,251,444
Total comprehensive income	**-**	**-**	**11,251,444**	**11,251,444**
Contributions and distributions				
Issuance of ordinary shares	93,166	-	-	93,166
Repurchase of own shares (note 5)	-	(19,894,999)	-	(19,894,999)
Total contributions and distributions	**93,166**	**(19,894,999)**	**-**	**(19,801,833)**
Balance at 30 June 2018	**166,645,041**	**(44,624,777)**	**79,964,849**	**201,985,113**

The accompanying notes form an integral part of these financial statements

Statement of Cash Flows

As at 30 June 2018

	Note	2018 USD	2017 USD
Cash flows from operating activities			
Change in net assets attributable to shareholders		11,251,444	27,314,984
Adjustments to reconcile change in net assets attributable to shareholders to net cash from operating activities:			
Dividend income		(3,716,081)	(4,561,766)
Interest income		(3,815)	(90,314)
Net gain from investments in securities at fair value through profit or loss		(13,419,988)	(30,275,746)
Purchase of investments		(130,485,216)	(87,232,623)
Proceeds from sale of investments		147,582,138	56,483,302
Net foreign exchange loss		105,071	119,173
(Increase)/decrease in receivables on sale of investments		(99,317)	3,055,910
(Decrease)/increase in accrued expenses		(2,118,884)	26,546
(Decrease)/increase in other payables		(5)	2
Increase in payable on redemption		193,049	-
Dividends received		3,402,257	5,238,629
Interest received		14,967	101,846
Net cash from/(used in) operating activities		**12,705,620**	**(29,820,057)**
Cash flows from financing activities			
Issuance of ordinary shares *		-	39,667,862
Repurchase of own shares	5	(19,894,999)	(4,685,979)
Warrants issuance cost		93,166	-
Net cash (used in)/from financing activities		**(19,801,833)**	**34,981,883**
Net (decrease)/increase in cash and cash equivalents		(7,096,213)	5,161,826
Cash and cash equivalents at beginning of the year		10,323,903	5,281,215
Effect of exchange rate fluctuations on cash held		(105,072)	(119,138)
Cash and cash equivalents at end of the year		**3,122,618**	**10,323,903**

* On 25 September 2017, the Company announced that in partial payment of the incentive fee amounting to US$ 208,861 which was due to the Company's Investment Manager, VietNam Holding Asset Management Limited ("VNHAM"), for the year ended 30 June 2017, 88,899 ordinary shares of US$1.00 each in the Company ("Ordinary Shares") then held as treasury shares were transferred to VNHAM (the "Transfer"). The Transfer took place in late September 2017.

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements
As at 30 June 2018

1 **THE COMPANY**

VietNam Holding Limited ("VNH" or "the Company") is a closed-end investment holding company incorporated on 20 April 2006 as an exempt company under the Companies Law in the Cayman Islands and commenced its operations on 15 June 2006, to invest principally in securities of former State-owned Entities ("SOEs") in Vietnam, prior to, at or after the time such securities become listed on the Vietnam stock exchange, including the initial privatisation of the SOEs. The Company may also invest in the securities of private companies in Vietnam, whether Vietnamese or foreign owned, and the securities of foreign companies if a significant portion of their assets are held or operations are in Vietnam.

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

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

VietNam Holding Asset Management Limited ("VNHAM") has been appointed as the Company's Investment Manager and is responsible for the day-to-day management of the Company's investment portfolio in accordance with the Company's investment policies, objectives and restrictions.

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

The registered office of the Company is CO Services Cayman Limited, Willow House, Cricket Square, PO Box 1008 George Town, Grand Cayman, Cayman Islands, KY1-1001.

2 **PRINCIPAL ACCOUNTING POLICIES**

(a) Statement of compliance
These financial statements have been prepared in accordance with the 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 listing of the shares on the AIM market of the London Stock Exchange 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 Board considers the USD as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

The preparation of financial statements in accordance with IFRS as adopted by the European Union 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 securities and unlisted securities.

Financial assets that are classified as loans and receivables include accrued dividends, cash and cash equivalents, and receivables on sale of investments. Cash and cash equivalents are measured at amortised cost. Financial liabilities that are not at fair value through profit or loss include accrued expenses.

Notes to the Financial Statements (Continued)
As at 30 June 2018

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

In the previous year, the Company used quotes obtained from brokers to determine the fair value of an unlisted equity security with a carrying value of USD3,864,056 which was 1.84% of the net assets of the Company, while the Company used valuation techniques to value a convertible bond with a carrying value of USD1,179,177 which was 0.56% of the net assets of the Company.

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

(v) Gains and losses on subsequent measurement

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

(vi) Impairment

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

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

(vii) Cash and cash equivalents

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

(e) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when, and only 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 reporting 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 effects.

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

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

Notes to the Financial Statements (Continued)
As at 30 June 2018

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(h) Tax

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, 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 taxes levied by the same tax authority on the same taxable entity.

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

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

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

The Company is liable to Vietnamese tax of 0.1% (2017: 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 listed equity securities, this is usually the ex-dividend date. For unlisted 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 as 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.

(l) Earnings per share

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all potentially dilutive ordinary shares, which comprise warrants granted to shareholders.

3 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

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

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

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

Notes to the Financial Statements (Continued)
As at 30 June 2018

3 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

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 exposed to market risk within its securities purchased in the Vietnamese market.

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

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

	2018 Fair Value in USD	2018 % of Total Assets	2017 Fair Value in USD	2017 % of Total Assets
Investments in listed securities	200,017,349	98.19	203,229,914	92.89
Investments in an unlisted equity security	-	-	3,864,056	1.77
Investments in a convertible bond	-	-	1,179,177	0.54
	200,017,349	**98.19**	**208,273,147**	**95.20**

At 30 June 2018, a 5% reduction in the market value of the portfolio would have led to a reduction in NAV and profit or loss of USD10,000,867 (2017: USD10,413,657). A 5% increase in market value would have led to an equal and opposite effect on NAV and profit or loss.

Currency risk

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

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

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

As at 30 June 2018, the Company had the following foreign currency exposures:

	2018 Fair Value in USD	2017 Fair Value in USD
Vietnamese Dong	201,848,361	208,636,021
Pound Sterling	12,747	727
Swiss Franc	5,728	(19)
Euro	35,844	2,353
	201,902,680	**208,639,082**

At 30 June 2018, 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 10,092,418 (2017: USD10,431,801), USD637 (2017: USD36), USD 286 (2017: USD(1)) and USD1,792 (2017: USD118) respectively. A 5% increase in value would have led to an equal and opposite effect.

Interest rate risk

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

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

Credit risk

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

At 30 June 2018, the following financial assets were exposed to credit risk (including settlement risk): cash and cash equivalents, receivables on sale of investments and other receivables. The total amount of financial assets exposed to credit risk amounted to USD3,693,509 (2017: USD11,671,980).

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.

Notes to the Financial Statements (Continued)
As at 30 June 2018

3 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

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.

Payables on purchase of investments, other payables, accrued expenses and payables on redemption of the Company are generally payable within one year.

4 OPERATING SEGMENTS

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

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

All of the Company's investments in securities at fair value are in Vietnam as at 30 June 2018 and 30 June 2017. All of the Company's investment income can be attributed to Vietnam for the years ended 30 June 2018 and 30 June 2017.

5 SHARE CAPITAL

Ordinary shares of USD1 each

The ordinary shares have been created pursuant to the Companies Law in the Cayman Islands. The Company was incorporated with an authorised share capital of USD100,000,000 divided into 100,000,000 ordinary shares of USD1 each. On 23 September 2010, during its Annual General Meeting, the shareholders approved that the Company's authorised share capital be increased by USD100,000,000, divided into 200,000,000 shares of a nominal or par value of USD1.00 each. According to the Companies Law and articles of association, the Company may from time to time redeem all or any portion of the shares held by the shareholders upon giving notice of not less than 30 calendar days to the shareholders.

On 6 June 2006, the Board resolved that 56,250,000 ordinary shares would be allotted at a placing price of USD2 per ordinary share.

	2018 No. of shares	2017 No. of shares
Total shares issued and fully paid (after repurchases and cancellations) at beginning of the year	82,729,439	65,342,620
Shares issued upon exercise of warrants during the year	-	19,941,819
Shares cancellation	(16,740,766)	(2,555,000)
	65,988,673	**82,729,439**
Repurchased and reserved for own shares At beginning of the year	(9,427,772)	(10,487,673)
During the year	(7,401,893)	(2,126,783)
Shares reissued to ordinary shares	88,899	631,684
Shares cancellation	16,740,766	2,555,000
	-	**(9,427,772)**
Total outstanding ordinary shares with voting rights	**65,988,673**	**73,301,667**

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.
As a result, as at 30 June 2018 the Company has 65,988,673 (2017: 73,301,667) ordinary shares with voting rights in issue (excluding the reserve for own shares), and nil (2017: 9,427,772) are held as reserve for own shares.

The Company does not have any externally imposed capital requirements.

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

Notes to the Financial Statements (Continued)
As at 30 June 2018

5 SHARE CAPITAL (Continued)

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 1 June 2016, 1 December 2016 and 1 June 2017 with the exercise price of USD1.998. A total of 19,977,746 warrants were issued and admitted to trading on the AIM Market. As at 30 June 2018, nil (2017: nil) warrants are outstanding. During the year, there was an exercise of nil (2017: 19,941,819) warrants to subscribe for nil (2017: 19,941,819) ordinary shares at a price of USD1.998 per ordinary share.

The proceeds that arise on the warrant exercise for the year were USDnil (2017: USD39,843,754). The net proceeds arising on the exercise of the warrants will be invested in accordance with the Company's investment policy.

6 NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

Total equity of USD201,985,113 (2017: USD210,535,502) 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 (2017: none).

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

	2018 USD	2017 USD
Net gain from investments in securities at fair value through profit or loss:		
Realised gain	49,457,762	14,944,033
Adjustment to fair value of investments in securities at fair value through profit or loss	(36,037,774)	15,331,713
	13,419,988	**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 USD100 million, one-twelfth of two per cent.;

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

The management fee accruing to the Investment Manager for the year to 30 June 2018 was USD3,845,714 (2017: USD2,880,552).

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 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.

	2018 USD	2017 USD
Performance fee	-	3,132,919

The Company has a payable amounting to USD 1,044,306 to the Investment Manager. The Company entered a deed of termination and settlement with the Investment Manager on 26 June 2018 to early terminate the investment management agreement. The payable is a compensation payment in respect of the early termination.

Directors' fees and expenses

The Board determines the fees payable to each Director, subject to a maximum aggregate amount of USD350,000 (2017: USD350,000) per annum being paid to the Board as a whole. The Company also pays reasonable expenses incurred by the Directors in the conduct of the Company's business including travel and other expenses. The Company pays for directors and officers liability insurance coverage. The charges for the year for the Directors fees were USD514,832 (2017: USD257,000) and expenses were USD121,555 (2017: USD92,872). Included in the fees paid for the year of USD514,832 was an amount of USD175,000 which related to performance fees paid to the former Chairman. The net amount of fees therefore, exclusive of performance fees, payable to both the previous and current board members was USD339,832. As announced on 6 September 2018, USD125,000 was refunded to the Company by the former board.

Notes to the Financial Statements (Continued)
As at 30 June 2018

8 RELATED PARTY TRANSACTIONS (Continued)

Directors' ownership of shares and warrants
As at 30 June 2018, none of the Directors directly held ordinary shares of the Company (2017: 131,371 shares, those share belongs to the previous board members). Mr. Funaki is a Director of Discover Investment Company which holds 3,600,000 ordinary shares in VNH representing 5.5% of the issued share capital.

9 CUSTODIAN FEES

Custodian fees are charged at a minimum of USD12,000 (2017: USD12,000) per annum and received as a fee at 0.08% on the assets under administration ("AUA") per annum. Custodian fees comprise safekeeping fees, transaction fees, money transfer fees and other fees. Safekeeping of unlisted securities up to 20 securities is charged at USD12,000 (2017: USD12,000) per annum. Transaction fees, money transfers fees and other fees are charged on a transaction basis.

The charges for the year for the Custodian fees were USD195,123 (2017: USD172,607).

10 ADMINISTRATIVE AND ACCOUNTING FEES

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

The charges for the year for the Administration and Accounting fees were USD140,231 (2017: USD111,404).

11 CONTROLLING PARTY

The Directors are not aware of any ultimate controlling party as at 30 June 2018 or 30 June 2017.

12 FAIR VALUE INFORMATION

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

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

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

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

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

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
2018				
Financial assets classified at fair value upon initial recognition				
Investments in securities	188,095,761	11,921,588	-	200,017,349
2017				
Financial assets classified at fair value upon initial recognition				
Investments in securities	182,827,649	24,266,321	1,179,177	208,273,147

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

Notes to the Financial Statements (Continued)
As at 30 June 2018

12 FAIR VALUE INFORMATION (Continued)

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

Investment type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs & fair value
Convertible bond	Discounted cash flows (in valuing the straight bond); and Black-Scholes model (in valuing the conversion feature)	Risk-adjusted discount rate (2018: N/A; 2017: 8.50%); Dividend yield (2018: N/A; 2017: 4.32%)	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. The directors consider that any reasonably possible changes to the unobservable input will not result in a significant financial impact.

LEVEL 3 RECONCILIATION Financial assets at fair value through profit or loss	**2018 USD**	**2017 USD**
Balance at 1 July	1,179,177	1,911,733
Purchases	-	-
Sales	(895,613)	(894,897)
Total gains and losses recognised in profit or loss *	(283,564)	162,341
Balance at 30 June	**-**	**1,179,177**

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

13 CLASSIFICATIONS 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	Loans & recievables USD	Other liabilities USD	Total carrying amount USD
2018					
Cash and cash equivalents		-	3,122,618	-	3,122,618
Investments in securities at fair value	3	200,017,349	-	-	200,017,349
Accrued dividends		-	469,406	-	469,406
Receivables on sale of investments		-	101,485	-	101,485
Other receivables		-	-	-	-
		200,017,349	3,696,509	-	203,710,858
Payables on purchase of investments		-	-	403,069	403,069
Other payables		-	-	193,183	193,183
Accrued expenses		-	-	1,129,493	1,129,493
		-	-	1,725,745	1,725,745
2017					
Cash and cash equivalents		-	10,323,903	-	10,323,903
Investments in securities at fair value	3	208,273,147	-	-	208,273,147
Accrued dividends		-	155,582	-	155,582
Receivables on sale of investments		-	-	-	-
Other receivables		-	13,318	-	13,318
		208,273,147	10,492,803	-	218,765,950
Payables on purchase of investments		-	-	4,981,932	4,981,932
Other payables		-	-	139	139
Accrued expenses		-	-	3,248,377	3,248,377
		-	-	8,230,448	8,230,448

Notes to the Financial Statements (Continued)
As at 30 June 2018

14 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share at 30 June 2018 was based on change in net assets attributable to ordinary shareholders of USD11,251,444 (2017: USD27,314,984) and the weighted average number of shares outstanding of 70,298,637 (2017: 55,760,831). The warrants of the Company had been fully exercised as of the last year end.

15 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 2017 and earlier application is permitted; however, the Company has not early applied these new or amended standards in preparing these financial statements. The one new standard potentially relevant to the Company is IFRS 9 Financial Instruments ("IFRS9"), which is discussed below.

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for the Company's annual reporting periods beginning on or after 1 July 2018, with early adoption permitted.

Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, although under IAS 39 all fair value changes of liabilities designated under the fair value option are recognised in profit or loss, under IFRS 9 fair value changes are generally presented as follows:

- The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- The remaining amount of change in the fair value is presented in profit or loss.
- Based on the Company's initial assessment, this standard is not expected to have a material impact on the classification of financial assets and financial liabilities of the Company. This is because:
- The financial instruments classified as held-for-trading under IAS 39 will continue to be classified as such under IFRS 9;
- Other financial instruments currently measured at FVTPL under IAS 39 are designated into this category because they are managed on a fair value basis in accordance with a documented investment strategy. Accordingly, these financial instruments will be mandatorily measured at FVTPL under IFRS 9; and
- Financial instruments currently measured at amortised cost are: cash and cash equivalents, accrued dividends, and other receivables. These instruments meet the solely principal and interest criterion and are held in a held-to-collect business model. Accordingly, they will continue to be measured at amortised cost under IFRS 9.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model also applies to certain loan commitments and financial guarantee contracts but not to equity investments. Under IFRS 9, credit losses are recognised earlier than under IAS 39. Based on the Company's initial assessment, changes to the impairment model are not expected to have a material impact on the financial assets of the Company. This is because:

- The majority of the financial assets are measured at FVTPL and the impairment requirements do not apply to such instruments; and
- The financial assets at amortised cost are short-term (i.e. no longer than 12 months), of high credit quality and/or highly collateralised. Accordingly, the expected credit losses on such assets are expected to be small.

16 SUBSEQUENT EVENT

The investment manager for the Company has changed to Dynam Capital Management Limited effective on 16 July 2018.

Key Parties

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

Investment Manager
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Directors' Profiles

Sean Hurst (Chairman, Chairman of Buyback Committee) was co-founder, Director and CIO of Albion Asset Management, a French regulated asset management company, from 2005-2009. He is an experienced multi-jurisdictional Director including roles at London/AIM-listed 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.

Philip Scales (Chairman of Audit Committee) 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 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 (Chairman of the Management Committee) 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.

Milton Lawson (Chairman of the Investment Committee) was resident in Vietnam from 1993 to 2017 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. 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 (Chairman of Remuneration Committee) 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.

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