

**Vietnam Phoenix Fund Limited**  
**Annual Report and Audited Financial Statements**  
**for the year ended**  
**31 December 2019**

# VIETNAM PHOENIX FUND LIMITED

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# **VIETNAM PHOENIX FUND LIMITED**

## **GENERAL INFORMATION**

The following information is derived from and should be read in conjunction with the full text and definitions section of the Private Offering Memorandum of Vietnam Phoenix Fund Limited (the “POM”), dated February 2018, copies of which are available on request from State Street Fund Services (Ireland) Limited (the “Administrator”) or by contacting Duxton Asset Management Pte Ltd at VPF@duxtonam.com.

DWS Vietnam Fund Limited was incorporated in the Cayman Islands on 13 September 2006 under the Companies Law, Cap. 22 (Revised) of the Cayman Islands as an exempted company with limited liability. At the Annual General Meeting of DWS Vietnam Fund Limited held on 30 September 2016, shareholders resolved to change its name to Vietnam Phoenix Fund Limited (the “Company”). The Company was registered with the Cayman Islands Monetary Authority (“CIMA”) with effect from 1 January 2017, pursuant to Section 4 (3) of the Mutual Funds Law (revised) of the Cayman Islands.

The investment objective of the Company is to seek long-term capital appreciation by investing directly or indirectly in a diversified portfolio of securities of companies that do some or all of their business in Vietnam.

The Directors who held office during the year ended 31 December 2019 were:

Kevin A Phillip (independent)  
Judd Kinne (independent)  
Martin Adams (independent)

## **INVESTMENT MANAGER**

The Company has appointed Duxton Asset Management Pte Ltd as Investment Manager (“Duxton” or the “Investment Manager”). Duxton is a specialist asset manager licensed by the Monetary Authority of Singapore. Duxton is required to ensure that all investments made on behalf of the Company comply with all investment objectives, policies and restrictions of the Company. Ultimate discretion over the assets and affairs of the Company remains with the Board of Directors (the “Board” or the “Directors”).

The day-to-day responsibility for the investment and re-investment of the Company's assets was transferred from Duxton to Duxton Capital (Australia) Pty Ltd (“DC Australia”), and DC Australia was appointed as the Company's investment manager with effect from 31 March 2020, pursuant to the terms of a novation agreement dated 20 February 2020 to the existing Investment Management Agreement dated 29 December 2016. The Novation Agreement includes minor amendments to the Investment Management Agreement dealing with key personnel, control of expenses and potential adverse tax consequences.

## **CUSTODIAN**

The Company has appointed State Street Custodial Services (Ireland) Limited as custodian of its assets (the “Custodian”), pursuant to an agreement dated 15 November 2006. Assets located in Vietnam or assets located in any other jurisdictions which require assets to be held by a local sub-custodian are held within the State Street sub-custodian network pursuant to the Custodian Agreement. The sub-custodian appointed by the Custodian in Vietnam is HSBC Bank (Vietnam) Limited. The Custodian and any sub-custodian appointed by the Custodian provide safe custody for the Company's assets. The Investment Manager ensures that adequate custody arrangements have been entered into in relation to any entity in which the Company is invested.

# **VIETNAM PHOENIX FUND LIMITED**

## **GENERAL INFORMATION (CONT/D)**

### **CUSTODIAN (CONT/D)**

The Custodian (and any other sub-custodian duly appointed by the Custodian) holds all assets of the Company received by the Custodian in accordance with the terms of the Custodian Agreement. Under the Custodian Agreement, the Custodian acknowledges that investments of the Company may be made in markets where custodial and/or settlement systems are not fully developed, such as Vietnam, and that the assets of the Company and its subsidiaries which are traded in such markets are required to be held by local sub-custodians operating and established in such jurisdictions.

### **ADMINISTRATOR**

The Company has appointed State Street Fund Services (Ireland) Limited to maintain the books and financial records of the Company as Administrator pursuant to an agreement dated 10 November 2006.

### **LEGAL ADVISOR**

The Company has appointed Ogier as its legal advisor in relation to Cayman Islands Law.

### **COMPANY SECRETARY**

The Company has appointed DMS Corporate Services Ltd. as Company Secretary.

### **REGISTERED OFFICE**

The registered office of the Company is DMS House, 20 Genesis Close, P.O. Box 1344, Grand Cayman KY1-1108, Cayman Islands.

### **DIVIDENDS**

It is not the current intention of the Company to pay dividends.

### **SHARES**

The Company has an authorised share capital of USD 10,000,000 consisting of 2,000,000,000 shares of par value of USD 0.005 each as at year end 31 December 2019. The Company has two active share classes, Class A shares (“Continuation Class”) are open-ended while Class C shares (“Private Equity Class”) are closed-ended. As of 31 December 2019, only Class C shares of the Company are listed on the regulated market of the Irish Stock Exchange, Euronext Dublin.

Class A shares and Class C shares have the same rights in relation to voting, dividends, return of share capital and other matters as set out in the Articles of Association (the “Articles”). Each share class has specific investment management fees and performance fees as well as different rights in relation to redemptions.

Class C shares class has a fixed life expiring on the earlier of the date on which the last Private Equity Shares are redeemed and 31 December 2020 (unless extended by an ordinary resolution passed at a separate general meeting of Private Equity Shareholders). Accordingly, any Private Equity Shares in issue on the final redemption date will be subject to mandatory pro rata redemption by the Company on that date.

### **AIFMD**

The Board has considered the implications of the European Union Directive on Alternative Investment Fund Managers 2011/61/EU (“AIFMD”) and it is satisfied that because the Company’s shares are not marketed in Europe, there is no significant impact on the Company as a consequence of AIFMD and therefore there is no impact on the financial statements.

# **VIETNAM PHOENIX FUND LIMITED**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The Board is responsible for preparing the Company's financial statements (the "financial statements").

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with International Financial Reporting Standards (IFRS), and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Under the requirements of the Listing Rules issued by Euronext Dublin, the Directors are responsible for preparing a Management Report. In particular, in accordance with the Transparency Directive (2004/109/EC) Regulations 2007 (S.I. No. 277 of 2007), the Directors are required to include in this report a fair review of the business, a description of the principal risks and uncertainties facing the Company and a responsibility statement relating to these and other matters. The Board considers that the information required to be included in their Management Report, is provided in the Investment Manager's Report on pages 8 to 25 and Notes 13 and 17 of the financial statements.

The Board is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with IFRS and Article 4 of the International Accounting Standards (IAS) Regulation (1606/2002). They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

IFRS 10 'Consolidated Financial Statements' and its subsequent amendment relating to Investment Entities ("IE") has been applicable for periods commencing 1 January 2014. The Board has concluded that, under those requirements, the Company qualifies as an IE and is required to carry its IE subsidiaries at fair value through profit or loss instead of consolidating them. This revised accounting method was first applied in 2014.

### **Financial statements: risk management and internal control**

The Board is responsible for establishing and maintaining for the Company, adequate internal control and risk management systems in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of error or fraud in achieving the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has procedures in place to ensure that all relevant books of account are properly maintained and are readily available, including the procedures for the production of audited annual financial statements. The Board has appointed the Administrator to maintain the books and records of the Company. From time to time, the Board, with the assistance of the Investment Manager, examines and evaluates the Administrator's financial accounting and reporting processes. The annual and unaudited semi-annual financial statements are produced by the Administrator and reviewed by the Investment Manager.

The audited annual and unaudited semi-annual financial statements are required to be approved by the Board and filed with Euronext Dublin and the Cayman Islands Monetary Authority.

# VIETNAM PHOENIX FUND LIMITED

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS (CONT/D)**

### **Financial statements: risk management and internal control (cont/d)**

During the period of these financial statements, the Board was responsible for the review and approval of the annual financial statements as set out in the Statement of Directors' Responsibilities. The financial statements are required to be audited by independent auditors who report annually to the Board on their findings. The Board monitors and evaluates the independent auditor's performance, qualification and independence. As part of its review procedures, the Directors receive presentations from relevant parties including consideration of developments in international accounting standards and their impact on the annual financial statements, and presentations and reports on the audit process. The Board evaluates and discusses significant accounting and reporting issues as the need arises.

The Administrator prepares valuations based on the fair value of the IE subsidiaries for the Company at each valuation point.

Each valuation of the Company is reviewed in accordance with standard operating procedures of the Administrator. This includes substantial reliance on valuations of private equity investments carried out by Grant Thornton Vietnam ("GT") as at 31 December 2019. The financial statements are prepared by the Administrator in accordance with IFRS and the Administrator uses various internal controls and checklists to ensure the financial statements include complete and appropriate disclosures required under IFRS and relevant legislation.

In addition, the valuation as prepared by the Administrator is reconciled by the Investment Manager to their own independent records for completeness and accuracy and further reviewed and approved by the Investment Manager.

### **Investment Valuations**

The Supplement to the POM dated February 2020 issued by the Company, which provides details of the Class C Shares redesignated by the Company on 1 January 2017, states, *inter alia*:

#### **"Investment Objective**

*To realise the assets attributable to the Private Equity Shares (the "Private Equity Pool"), to be effected in an orderly manner that seeks to achieve a balance between maximising the value of the Private Equity Pool and returning cash to holders of Private Equity Shares promptly by means of pro rata redemptions of Private Equity Shares. "*

and

#### **"Redemptions**

*The Private Equity Pool will have a fixed life expiring on the earlier of the date on which the last Private Equity Shares are redeemed and 31 December 2020 (unless extended by an ordinary resolution passed at a separate general meeting of Private Equity Shareholders). Accordingly, any Private Equity Shares in issue on the final redemption date will be subject to mandatory pro rata redemption by the Company on that date."*

Consistent with previous financial periods, the investments in Anova Corporation ("Anova"), VTC Online ("VTC") and SSGA Construction Real Estate ("SSG Group") have been valued by the Company at 31 December 2019 in accordance with valuations provided in a report to the Company by GT. The GT report recommends an estimated valuation range for each investment.

# VIETNAM PHOENIX FUND LIMITED

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS (CONT/D)**

### **Investment Valuations (cont/d)**

As these are all privately negotiated investments, there is a risk that the proceeds from realisation of these holdings could be significantly different from the fair values shown in the Statement of Financial Position as at 31 December 2019 and/or significantly different from the prices originally paid by the Company. The valuation methodologies adopted by GT in their report do not generally consider the taxes and costs associated with these disposals.

The Board draws shareholders' attention in particular to the fair value of the investments in Anova, VTC and SSG Group as further disclosed in Note 14 to the Audited Financial Statements. Given the underlying operating issues, structures and nature of this holding, there is a significant risk that the fair values of this holding may not be realised by the 31 December 2020 mandatory redemption date of the Private Equity Shares.

### **Outlook**

The short-term outlook for the Vietnamese economy and companies operating in Vietnam as a result of COVID-19 is uncertain. Infection and death rates in Vietnam attributable to the pandemic have, so far, been less pronounced than in most other countries, both in Asia and internationally. However, Vietnam will be negatively affected by the dramatic slowdown in the global economy and the significant disruption to cross-border supply chains into which companies in Vietnam have been quickly integrating in recent years. Inevitably, there is currently material uncertainty as to how the combination of global supply and demand shocks will affect Vietnam's immediate economic slowdown and whether and to what extent a recession will result.

Although the pandemic's impact on the Vietnamese economy may be less pronounced than in other countries in the region, the rapid withdrawal of international investment from global emerging markets during 2020 will adversely impact both the performance of the stock markets in Vietnam and the ability of the Investment Manager to dispose of the Company's unlisted investments in a timely fashion at reasonable prices.

There are a number of risks caused directly and indirectly by the COVID-19 pandemic that may impact the operation of the Company. These include investment risks surrounding the companies in the portfolio. The Investment Manager will continue to review carefully the composition of the Company's portfolio and actively take investment decisions where necessary. Operationally, COVID-19 may also affect the suppliers of services to the Company, including the Investment Manager, the Administrator and other key third parties, particularly in relation to absences of key personnel and access to colleagues and systems while working remotely. Although, to date, these services have continued to be supplied seamlessly, the Board will continue to closely monitor the Company's operating arrangements.

## **VIETNAM PHOENIX FUND LIMITED**


### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS (CONT/D)**

#### **Responsibility Statement, in accordance with the Transparency Regulations**

Each of the Directors, whose names and functions are listed on pages 2 and 72 of this report confirm that, to the best of each person's knowledge and belief:

- the financial statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2019 and its Statement of Comprehensive Income for the year then ended;
- the Investment Manager's Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Company. A description of the principal risks and uncertainties that the Company faces is provided in the Investment Manager's Report on pages 8 to 25 and Note 13 of the financial statements.

**On behalf of the Board of Directors**

  
**Director**

**Date: 30 April 2020**



# VIETNAM PHOENIX FUND LIMITED

## INVESTMENT MANAGER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

### I. CLASS A – Continuation Shares

#### NAV Update

The Net Asset Value ("NAV")<sup>1</sup> for the Lead Series Class A Shares of the Company as of 31 December 2019 was USD 0.6660, up 7.89% from USD 0.6173 as of 31 December 2018.

The NAV for the Series 3 Class A Shares of the Company as of 31 December 2019 was USD 0.9614, up 7.84% from USD 0.8915 as of 31 December 2018.

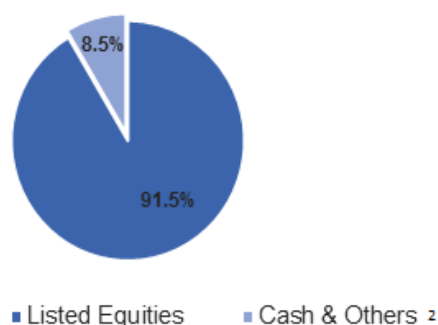
The NAV for the Series 4 Class A Shares of the Company as of 31 December 2019 was USD 1.0562, up 5.62% from USD 1.0 as of 1 June 2019 when new subscribe started.

The Series 3 and 4 of the Class A Shares were redeemed in January 2020 based on the NAV as of 31 December 2019.

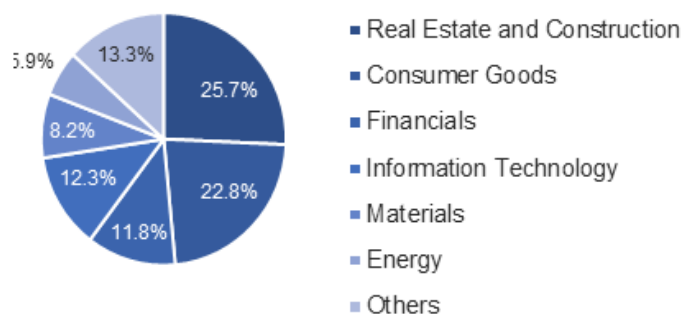
#### Class A Shares Exposure and Performance

The asset class and sector exposures of the Class A Shares are summarized in the charts below and discussed in detail in the following sections.

Asset Class Breakdown



Sector Exposure



#### Peer Group Analysis<sup>3</sup>

At 31 December 2019, in terms of NAV change, the Lead Series Class A Shares returned 7.89% - the highest return level amongst our universe of offshore funds peer group in 2019.

<sup>1</sup> NAV figures are based on the dealing net asset value as at 31 Dec 2019.

<sup>2</sup> Includes accruals and liabilities, adjusted to account for pending redemptions.

<sup>3</sup> The peer group analysis was performed using the information received from multiple sources; mainly from the peer funds' published data. Also, when analysing the performance of a fund relative to its peers, one needs to be mindful of the different investment strategies across the funds. The Class A Shares portfolio invested only in listed equities. Also, this universe of peers may not be complete due to insufficient data provided by other funds.

# VIETNAM PHOENIX FUND LIMITED

## INVESTMENT MANAGER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Over a 5-year period, the Lead Series Class A Shares' NAV increased 8.80% per annum, also higher than the peer average of 8.49% per annum.

The peer group used for comparison is derived from funds that have exposure to the Vietnamese market and whose information is publicly available.

Fund Name	Fund Manager	Fund Type	AUM <sup>4</sup> USD mn	NAV Change				
				Dec 19	YTD	1Y	3Y (annualised)	5Y (annualised) <sup>5</sup>
Offshore Funds					2.1%	2.1%	7.6%	8.49%
Vietnam Phoenix Fund Class A	Duxton Asset Management	Open End		0.67	7.9%	7.9%	7.2%	8.80%
Vietnam Equity UCITS Fund	Dragon Capital	Open End	N.A	22.27	-0.1%	-0.1%	10.9%	13.0%
Forum One - VCG Partners Vietnam F	VinaCapital	Open End	42.8	13.79	0.1%	0.1%	6.1%	N.A
Vietnam Opportunities Fund	JP Morgan AM	Open End	352.6	16.97	7.0%	7.0%	12.2%	9.6%
PYN Elite Fund	PYN Fund Management	Open End	454.1	329.09	0.8%	0.8%	6.1%	2.6%
Lumen Vietnam Fund	IFM AG	Open End	52.3	185.66	5.4%	5.4%	4.9%	6.0%
Vietnam Alpha Fund	APS AM	Open End	50.6	234.28	-1.0%	-1.0%	3.5%	6.6%
Vietnam Enterprise Inv Ltd	Dragon Capital	Closed End	1475.8	6.76	3.0%	3.0%	15.3%	15.4%
Vietnam Holding Ltd	Dynam Capital	Closed End	141.1	2.77	1.8%	1.8%	1.5%	6.1%
Onshore Funds					7.6%	7.6%	10.5%	12.2%
VCBF Blue Chip Fund	Vietcombank Fund Mgmt	Open End	16.5	0.78	3.3%	3.3%	7.9%	0.12
VFM Blue Chip Investment Fund	VietFund Management	Open End	26.7	0.76	8.6%	8.6%	11.2%	12.5%
VFM Securities Investment Fund	VietFund Management	Open End	35.9	1.76	10.8%	10.8%	12.5%	12.6%
Exchange Traded Funds					5.2%	5.2%	10.6%	2.9%
DB x-trackers Vietnam	Deutsche AM	Offshore ETF	272.4	30.13	3.0%	3.0%	11.3%	3.0%
VanEck Vectors Vietnam	VanEck	Offshore ETF	443.0	15.99	9.2%	9.2%	8.0%	-1.9%
VFM VN30 ETF	VietFund Management	Onshore ETF	287.6	0.64	3.2%	3.2%	12.6%	7.7%
PEER FUNDS AVERAGE					5.0%	5.0%	9.6%	7.9%
VNIndex (USD)				0.04147	7.7%	7.7%	12.4%	10.2%
VN30 Index (USD)				0.03793	2.9%	2.9%	11.2%	6.2%
VN100 Index (USD)				0.03657	3.4%	3.4%	10.7%	7.3%
VHIndex (USD)				0.00442	-1.6%	-1.6%	7.9%	2.7%

<sup>4</sup> Source: Respective Fund's/Company's website Bloomberg 31/12/2019.

<sup>5</sup> Lead Series - Includes historical performance of the Company prior to the restructuring as of 31 Dec 2016.

# VIETNAM PHOENIX FUND LIMITED

## INVESTMENT MANAGER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

### Performance Analysis

The 10 largest holdings in the Class A Shares portfolio as of 31 December 2019 are listed below:

Class A Shares – Top 10 Holdings			
Rank	Security Name	Valuation (USD)	% of NAV
1	Vinamilk	4,684,947	13.5%
2	FPT Corp	4,312,851	12.3%
3	Hoa Phat Group	2,871,366	8.2%
4	Khang Dien House	2,789,919	8.0%
5	Mobile World	2,562,008	7.3%
6	Vinhomes	2,287,194	6.5%
7	Vietcombank	2,174,761	6.3%
8	Kinh Bac City	2,043,547	5.8%
9	REE Corp	1,597,856	4.6%
10	PV Power	1,358,831	3.9%
	<b>Total</b>	<b>26,683,280</b>	<b>76.4%</b>

\* Numbers may not add up due to rounding

The Lead Series Class A Shares portfolio rose by 7.89% for full-year 2019 while the VNIndex (Vietnam Ho Chi Minh Stock Index) rose by 7.74% in USD terms during the same period; therefore, outperforming the VN Index benchmark for full-year 2019. Lead Series Class A Shares' outperformance mainly came from the portfolio's top holdings including FPT Corp (FPT) [+58.72%], Mobile World (MWG) [+33.88%], Kinh Bac City (KBC) [+26.11%] which the Class A share portfolio strong overweight compare to the Index.

Top 3 Gainers	Price Change	Contribution to NAV Return
FPT Corp (FPT)	+58.7%	+ 7.4%
Mobile World (MWG)	+33.9%	+ 2.5%
Vietcombank (VCB)	+70.8%	+ 2.2%

Top 3 Laggards	Price Change	Contribution to NAV Return
Coteccons (CTD)	-66.8%	- 1.5%
Yeah1 Group (YEG)	-84.2%	- 1.4%
PV Power (POW)	-28.4%	- 1.3%

During FY2019, the Vietnam Phoenix Fund Class A Shares ("VPF A") portfolio saw returns contribution from most of the top-10 holdings except for Hoa Phat Group (HPG) and PV Power (POW). The largest contributor was FPT Corp (FPT) [+58.72%, contributing 7.41% to VPF A portfolio's return], Mobile World (MWG) [+33.88%, contributing 2.52% to VPF portfolio's return] and Vietcombank (VCB) [+70.85%, contributing 2.24% to VPF portfolio's return]. On the other hand, significant detractors to the portfolio's returns were Cotecons (CTD) [-66.79%, -1.47% to the portfolio's return], Yeah1 Group (YEG) [-84.18%, -1.44% to the portfolio's return] and PV Power (POW) [-28.37%, -1.33% to the portfolio's return].

FPT was the largest contributor to the portfolio as it rose by 58.7% during FY2019. The stock price was supported by strong operating results. FPT saw growth of 19.7% YoY in revenue and 23.9% YoY in net

# VIETNAM PHOENIX FUND LIMITED

## INVESTMENT MANAGER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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profit after tax (NPAT) in 11M2019<sup>6</sup>. MWG was the second largest contributor of the portfolio as its share price increased by 33.9% during FY2019. MWG's operational restructuring by converting pure mobile phone retailers stores into mixed consumer electronics stores proved to be effective as it helped to boost net-profit margin<sup>7</sup>. The growth of MWG's electronics segments and Fast-Moving Consumer Goods segment were the key drivers for MWG growth and it helped to offset the decrease in mobile segment's sales volume<sup>7</sup>. VCB was the third-largest contributor to VPF A's returns during FY2019. VCB's share price rose 70.8% and hit its historical peak in 2019. The private sector bank VCB reported better-than-expected results for FY2019 with a growth of 26.7% in net profit after tax (NPAT).

In terms of detractors, the negative share price movement for YEG weighed on the portfolio's returns. YEG's share price fell 84.2% for the full year of 2019. This came after YEG's announcement of the termination of the Multi-Channel Network (MCN) license awarded by YouTube. It impaired YEG's medium-term growth prospects and fundamentally altered the investment thesis that was presented for the stock during its initial public offering back in 2018. The reason for YouTube's termination of YEG's MCN license came from an operational oversight, as YouTube noted that YEG's channel selection and channel management of SpringMe and Yeah1 Network did not conform to YouTube's policy. YouTube applied the same termination policy against all YEG's companies that are related to YouTube AdSense (including ScaleLab)<sup>8</sup>.

Following the termination of the MCN license, our VPF A investment team identified limited digital advertising avenues for YEG to fill the earnings void left by the YouTube MCN platform and the outlook for YEG's prospects have fundamentally shifted. Therefore, by June-2019, we divested our entire stake in YEG (it represented 2.5% of VPF A's portfolio at the beginning of the year 2019).

Another notable laggard within the VPF A's portfolio during FY2019 is Cotecons (CTD). Its share price fell 66.8% during FY2019. Management of CTD had planned to consolidate its stake in Ricons (another Vietnamese construction firm that focuses on construction projects of the small to mid-size residential projects). However, CTD's offer to acquire Ricons via a share-swap was rejected by the major shareholder of CTD due to the concern over dilution risk. The market reacted negatively as it viewed CTD's failed attempt to fully acquire Ricons as an earnings accretive opportunity lost. Apart from the notable acquisition target missed, CTD faced slowdown in new orders due to the slowdown of the Vietnamese real estate market. The tightening of the land-use approval process in Vietnam led to the delay of new project launches and consequently the push-back of large-scale resident projects (those above VND500bn in total contract value). These developments lowered orderbook replenishment and revenue visibility, thus negatively impacted CTD's share price. For full-year 2019, CTD posted a poor result showing a decrease of 16.9% in revenue and a decrease of 52.9% in NPAT. However, we have seen some more "encouraging" signals from the authorities regarding the land-use approval process in real estate sector as some big projects such as Vinhomes Grand Park, Araki City, Lovera Vista were launched in late Q2-2019 and Q3-2019.

The key objective of the VPF A portfolio is to seek long-term capital appreciation for shareholders. Therefore, VPF A's portfolio is well-diversified across the key driving industries of the Vietnamese economy. The section below provides an overview of the portfolio's top holding companies.

### 1. Vietnam Dairy Products JSC (VNM, +0.7%)

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<sup>6</sup> Source: FPT's financial report

<sup>7</sup> Source: MWG's management

<sup>8</sup> Source: YEG's management

# VIETNAM PHOENIX FUND LIMITED

## INVESTMENT MANAGER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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Vietnam Dairy Products JSC (Vinamilk - VNM) is the largest dairy player in Vietnam with dominant overall market share of 60%<sup>9</sup>, of which, it's market share in some categories such as yogurt and condensed milk was over 80%. As end of 2019, VNM is the fourth largest market capitalization company in Ho Chi Minh City Stock Exchange (c.USD 8,744 billion as of 31 December 2019)

The company offers an extensive range of products with more than 250 stock keeping units (SKUs) across multiple categories such as liquid milk, yogurt, condensed milk, powdered milk, soymilk, cheese, ice-cream and beverages. It pioneered dairy products manufacturing in Vietnam in 1976. VNM has grown to be the owner of the biggest dairy production facilities in Vietnam - with 13 dairy factories and 12 cow farms with 27,000 cows. VNM also boasts of one of the strongest distribution networks in Vietnam with nearly 251,000 retail points served directly by 202 distributors, 418 self-brand shops and over 3,250 supermarkets and convenience stores<sup>9</sup>. These factors form an important competitive advantage over others.

For 9M2019, VNM posted revenue of VND 42,079 billion (+6% YoY), profit before tax (PBT) of VND 10,146 billion (+8% YoY) and NPAT of VND 8,378 billion (+6% YoY). As a result, VNM fulfilled 75% its full-year 2019 (FY2019) revenue target and 91% its FY2019 PBT target. For FY 2019, VNM sets its revenue target at VND 56 trillion (+6% YoY) and PBT target of VND 11.2 trillion (-7% YoY). The biggest revenue contributor was the domestic market with a revenue of VND 35,821 billion (+6% YoY), followed by exports market with a revenue of VND 3,603 billion (+10% YoY). Revenue of overseas subsidiaries (Driftwood and Angkor Milk) also rose by 10% YoY to VND 2,656 billion. During 9M2019, VNM's domestic market share was expanded by 0.3%, driven by the growth in revenue of liquid milk and drinking yogurt. However, formula milk, especially powder milk witnessed a dip due to higher competition and lower budget in rural area for milk. The gross profit margin (GPM) was expanded from 46.6% in 9M2018 to 47.2% in 9M2019, mainly given by favourable raw materials prices. The powdered milk price decreased by 0.2% during 9M2019. The managements target to maintain GPM at a range of 46-48%.

In order to expand market share, particularly in Northern market, in 2019, VNM bought a 75% stake of GTNfoods JSC (GTN). GTN indirectly owns a 37.6% stake of Moc Chau Milk JSC – a small dairy player with overall domestic dairy market share of 2.5% as end of 2019. The Moc Chau Milk brand is a well-known dairy in the North of Vietnam with a diversified product portfolio including ultra-high temperature processing milk, pasteurized milk and yogurt. Moc Chau Milk owns a large cow farm with around 24,500 cows locating in Moc Chau highlands – a ideal area for cow raising thanks to favourable weather. We opine that the acquisition of GTN not only strengthen VNM's position presence in the North of Vietnam, but also increase VNM's own milk production capacity and quality.

We expect that VNM's top line will be supported by several factors: (1) Modest growth in Vietnam dairy consumption as urbanisation and rising income; (2) Growth of convenience stores will also play important role in expanding distribution of dairy products in the longer term; (3) Acquisition of GTN will contribute around 4% of VNM's total revenue from 2020; (4) School milk program will be boosted next year which will strengthen VNM's brand as VNM targets to reach 70% market share of school milk. During 9M2019, school milk program contributed 2% VNMs total revenue. On the other hand, the gradual increase of the proportion of internally-sourced inputs is also positive for VNM's profit margins. We are confident that VNM is tracking with its strategic plan of gaining market share YoY for the period till 2021. Its strategic aims include expanding market share by 1% per year and increasing their own cow herd to over 44,400 head (including Moc Chau Milk)<sup>9</sup>

By the end of 2019, Vinamilk traded at a 2019/20F P/E of 20.8/19.6x<sup>10</sup>.

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<sup>9</sup> Source: VNM Management

<sup>10</sup> Source: Bloomberg 31/12//2019

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### 2. FPT Corporation (FPT, +58.1%)

Established in 1988, FPT is the leading technology corporation in Vietnam with dominant positions across all its core business including information technology (IT), telecommunications and education. FPT has provided services to 63 provinces and cities in Vietnam and exposed to 33 countries.

By segment breakdown, technology segment with software production (global IT), system integration and domestic IT services is the key driver for the company as it contributed 56% of 11M2019 revenue and 43% of 11M2019 PBT. Telecommunication segment with broadband (telecom services) and digital content (online advertising) contributed 38% of 11M2019 revenue and 37% of 11M2019 PBT. Education, investment and other segments contributed 6% of 11M2019 revenue and 20% of 11M2019 PBT.

For 11M2019, FPT posted net sales of VND 24,533 billion (+19.7% YoY), PBT of VND 4,439 billion (+24.3% YoY) and NPAT of VND 3,734 billion (+23.9% YoY). As a result, FPT fulfilled 92% of its full-year 2019 sale target and 100% of its full-year 2019 PBT target. Its global IT services were still the key driver for the YoY sales growth as it showed 31.5% growth in revenue to VND 9,817 billion and 35.8% YoY growth in PBT to VND 1,625 billion. It contributed 40% of FPT's revenue and 37% of FPT's PBT. All geographical markets saw solid growth. While the biggest software export market - Japan showed slower growth as FPT is structuring its client portfolio in Japan and higher competition from smaller Vietnamese IT players, the second biggest software export market - US market show strong increase of 53.7% YoY in revenue to VND 2,454 billion. The second largest contributor to FPT's results was telecom services. It rose 17.0% YoY in revenue to VND 8,869 billion and 21.5% YoY in PBT to VND 1,350 billion and contributed 36% of FPT's revenue and 30% of FPT's PBT. Of which, revenue from broadband services for individuals and households recorded a growth of 12.9% to VND 5,481 billion underpinned by double digits growth in subscribers. The education and investment showed net sales of VND 1,324 billion (+9.3% YoY) and PBT of VND 911 billion (+19.4% YoY). The main reason for this growth came from an increase of 35% YoY in total number of students.

We remain optimistic for the company's growth prospects thanks to its competitive labour cost base and strengthening track record helped by its overseas acquisition. For FY2019-2021 period, management is targeting to grow at a compounded annual growth rate of 18% in revenue and 20% in PBT with key driver from technology segment.

On 31 December 2019, FPT traded at FY2019/20F P/E of 12.6x/10.4x<sup>11</sup>.

### 3. Hoa Phat Group (HPG, -1.3%)

HPG is the largest steel producer in Vietnam with 25.5% market share in construction steel product segment and 30% market share in the steel pipes product segment by volumes in Vietnam as at the end of 2019. HPG also operates in other business including industrial business (furniture manufacturing), real estate (industrial park and urban housing) and agriculture business (animal feed, hog raising, beef raising, chicken eggs and hen raising).

By segment breakdown, the construction steel segment is the largest contributor – producing 77% of HPG's revenue and 91% of HPG's NPAT in 1H 2019. It is followed by the agriculture segment which contributed 12% of HPG's revenue and 3% of HPG's NPAT and industrial segment which contributed 8% of HPG's revenue and 5% of HPG's NPAT. The real estate segment contributed 4% of HPG's revenue and 8% of HPG's NPAT in 1H 2019.

For FY2019, HPG reported strong growth in sales volume. HPG sold 2.8 million tonnes of construction steel in 2019, showing a growth of 16.8% YoY. Its market share was expanded from 23.8% as end of

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<sup>11</sup> Source: Bloomberg 31/12/2019



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FY2018 to 25.5% as end of FY2019. Moreover, its steel pipe sales volume rose by 14.8% YoY to 750,700 tonnes, generating market share of 31.3% as end of FY2019 vs, 27.5% as end of FY2018. The strong growth came from higher demand for residential construction coupled with market share expansion. However, the average selling price (ASP) decreased by 6.9% YoY to VND 12.236 million per ton due to tougher competition.

In terms of HPG's Dung Quat steel complex, in July 2019, HPG launched its first Dung Quat blast furnace with a capacity to produce one million tons of long steel per annum. By end of FY2019, this furnace operated at full capacity. The second Dung Quat blast furnace was launched for testing in November 2019. HPG plans to launch the third and fourth furnaces in 1H2020. Dung Quat Steel complex is the largest steel production facility in Vietnam with total capacity of 4 million tonnes of steel products compared to HPG's existing capacity of 2.2 million tonnes per annum. Due to expanding capacity from the Dung Quat steel complex, HPG will be able to sell up to 3.6 tonnes of construction steels in 2020, up 29% YoY.

As the domestically dominant player, we maintain our positive view on HPG. We expect the increasing construction demand for infrastructure in Vietnam and the turning around of real estate in the north and central Vietnam will support for HPG's sale growth. Moreover, domestic steel producers expect that the safeguard tax for long steel products will be extended for 2-3 years after expiring in March 2020. We also view the raising domestic iron ore supply to 50% of total requirement will help HPG to improve their control over raw materials input.

At the time of writing this report, HPG traded at a 2019/20F P/E of 9.1x/7.3x<sup>12</sup>

#### 4. Khang Dien House (KDH, +7.7%)

Khang Dien House Trading and Investment Limited Company (KDH) is a real estate player with substantial landbank in Ho Chi Minh City. KDH operates across the entire value chain of real estate development. The company had previously focused on developing low-rise projects in the east of HCMC (District 9) (10-15 km from central business district) as execution and capital recycling can be completed at a faster pace. They have since expanded into mid-rise developments including townhouses, villas and condominiums since 2017.

In February 2018, KDH acquired Binh Chanh Construction Investment Shareholding JSC (BCI) through a share-swap transaction and added 400 ha of BCI's landbank to its' own land bank. Thanks to this acquisition, KDH extended its operation to Southwest area of HCMC including District 2, Binh Chanh District and Binh Tan District. 58% of its landbank has since been cleared and it is enough to sustain the company's development plans for next 5 years.

For 9M2019, KDH recorded net sales of VND 1,861 billion (+39.2% YoY) and NPAT of VND 511 billion (+26.3% YoY). This enables the company to meet 62% of its own full-year sales target and 57% of its own full-year NPAT target. For full-year 2019, KDH aims to reach VND 3,000 billion of sales (+3% YoY) and VND 900 billion of NPAT (+11% YoY). The top line growth was driven by multiple factors including (1) Partial recognition of pre-sold at Verosa Park as the land portion value is recorded first while construction packages for the units sold will be booked at delivery; (2) Deliveries of remaining units at Jamila; (3) Transfers of non-core land lots. The gross profit margin was expanded from 42.1% in 9M2018 to 49.2% in 9M2019 thanks to higher contribution from land lot transfers and sales at Verosa Park which bring higher profit margin.

Despite the slowdown of the real estate market in 2019, especially in HCMC, due to the delays in the approval process for construction license and land use rights, KDH is one of very few real estate

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<sup>12</sup> Source: Bloomberg 31/12/2019

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developers which launched new projects in 2019. In 2H2019, KDH launched two new projects including Verosa Park with 300 low-rise units in District 9, HCMC and Lovera Vista with 1,300 high-rise units in Binh Chanh District, HCMC. This proves KDH's strong brand and implement capability. We are confident that the company is on track with the management target of pre-sale agreements of VND 4.8 trillion (+45% YoY) by end of FY2019.

Moreover, given that KDH's landbank is mainly located in the east of HCMC, we expect it to be a beneficiary of HCMC's construction master plan (with a construction outlook extending till 2030). According to said master plan, the city zone would be expanded towards the east and northeast in a compact urban model<sup>13</sup>, and will include residential projects in which KDH have a solid track record in. On 31 December 2019, KDH traded at FY2019/20F P/E of 15.8x/12.0x<sup>14</sup>.

### 5. Mobile World Investment Corporation (MWG, +33.3%)

Established in 2004, Mobile World Investment Corporation (MWG) is the second largest retailer in Vietnam with 2,800 stores nationwide. MWG has dominant market shares in its main business including Mobile phone retail chain - Thegioididong (TGDD) with 47% market shares and Consumer electronic retail chain - Dienmayxanh (DMX) with 35% market shares. In 2018, MWG launched its grocery segment Bachhoa xanh (BHX) and it has grown significantly, becoming one of the core growth drivers for MWG.

By segment breakdown, in 11M2019, (1) the mobile phone retail chain contributed 33% of sales. MWG sells mobile phones, tablets, laptops, accessories, wearables and supplies other services relating. As at end of September 2019, MWG operated 1,918 TGDD stores covering 63/63 provinces in Vietnam; (2) the computer electronic chain contributed 57% of MWG's sales. With 907 stores as end of September 2019, DMX supplies 2,500-3,500 SKUs per stores including all products from TGDD and brown goods (TV, digital media players, computers, etc), white goods (air conditioners, refrigerators, stoves, etc); (3) the grocery retail chain contributed 10% of sales. As end of September 2019, MWG opened 788 BHX stores with 2,000-3,500 SKUs per stores including fresh products and fast-moving consumer goods.

For 11M2019, MWG posted net sales of VND 93,086 billion (+17.8% YoY) and NPAT of VND 3,542 billion (+34.0% YoY). It enables MWG to fulfil 86% of its full-year sale target and 99% of its full-year NPAT target. For full-year 2019, MWG's management set sales target of VND 108,468 billion (+25% YoY) and NPAT target of VND 3,570 billion (+57% YoY). Consumer electronics chain drove revenue growth for 11M2019 with segmental revenue growth of 22.6% to VND 30,684 billion. During 11M2019, MWG added 233 new stores (including both new opening and conversion from existing mobile stores), raising their DMX stores count to 983 stores at month-end (+32% YoY). Grocery chain continued to show the highest growth with an increase of 151.1% to VND 9,421 billion, mainly given by a growth of 132% YoY in store count to 938 stores. On the other hand, mobile chain witnessed a fall of 4.4% YoY in net sales partly due to a decrease of 3% YoY in store count. Over the longer term, we expect continued gradual transformation for MWG from a pure mobile phone retailer into a mixed consumer electronics player supplemented by a fast-growing consumer groceries segment.

For FY2020, MWG's management aims to reach VND 122,445 billion of sales and VND 4,835 billion of NPAT. They expect mobile chain and consumer electronic chain will contribute 80% of MWG's revenue while grocery chain will contribute 20% of MWG's revenue.

On 31 December 2019, MWG traded at FY2019/20F P/E of 13.4x/10.8x<sup>15</sup>.

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<sup>13</sup> Source: <https://vietnamnews.vn/society/420194/hcm-city-zone-construction-master-plan-approved.html#KtkWVzEBVRZ5Wxb2.97>

<sup>14</sup> Source: Bloomberg 31/12/2019

<sup>15</sup> Source: Bloomberg 31/12/2019



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### II. CLASS C – Private Equity Shares

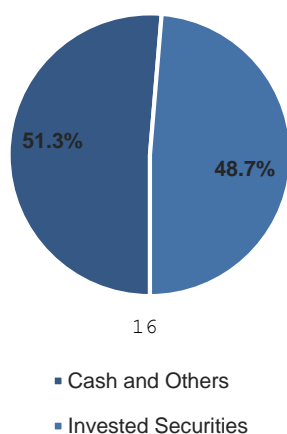
#### NAV Update

The NAV for the Vietnam Phoenix Fund Class C Shares (“VPF C”) of the Company as of 31 December 2019 was USD 0.2452, down 27.50% from USD 0.3382 as of 31 December 2018.

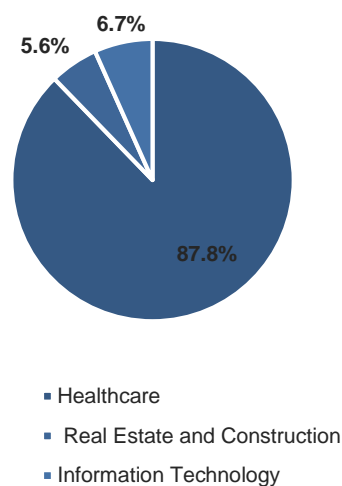
#### Class C Shares Exposure and Performance

The asset class and sector exposure of VPF C are summarized in the charts below and discussed in detail in the following sections.

Asset Class Breakdown



Sector Exposure



#### Performance Analysis

VPF C has a fixed life expiring no later than 31 December 2020 (unless extended by an ordinary resolution passed at a separate general meeting of Private Equity Shareholders). As such, the objective of the VPF C shares is to realise the assets in the portfolio in an orderly manner that seeks to achieve a balance between maximising the value of the portfolio and returning cash to VPF C shareholders promptly by means of pro rata redemptions of the VPF C shares. No new private equity investments have been made, although the possibility exists for follow-on investments into existing positions if approved by the Board.

The Investment Manager fully exited the Company's positions in An Phat, NBB, Dinh Vu Port, Tien Phong Plastic (NTP), Greenfeed and Corbyns in 2019.

The Company has conducted five redemption exercises to return capital to shareholders post the restructuring of the Company in January 2017. Since 2018, 74% of all shares in Class C shares have been redeemed, at an average price per share of USD 0.2794.

<sup>16</sup> Includes accruals and liabilities

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S/No	Redemption Tranche	NAV/Share	Remarks
1	10%	USD 0.3222	Jun 2018's NAV
2	13%	USD 0.3375	Mar 2019's NAV
3	8%	USD 0.2609	Aug 2019's NAV
4	38%	USD 0.2617	Sept 2019's NAV
5	42%	USD 0.2524	Nov 2019's NAV

For the purpose of illustration, if an shareholder bought USD 1,000 of VPF C shares in Jan 2017<sup>17</sup>, he would have received approximately USD 844.25 via redemptions, with USD 260.32 remaining in the portfolio based on Dec 2019 Nav/share.

The holdings of the VPF C shares portfolio as of 31 December 2019 are listed below:

Top 3 Holdings			
Rank	Security Name	Valuation (USD)	% of NAV
1	Anova Corp	19,821,707	42.7%
2	VTC Online	1,510,411	3.3%
3	SSGA	1,256,144	2.7%
	<b>Total</b>	<b>22,588,262</b>	<b>48.7%</b>

The Company's Private Equity ("PE") investments are re-valued on a semi-annual basis, based on valuations recommended by GT.

The VPF C portfolio returned -27.50% in 2019, with the decrease largely due to the lower divestment values for Greenfeed and Corbyns compared to the valuations in December 2018, as well as the change in valuation methodology for VTC Online.

The outbreak of African Swine Fever ("ASF") affected Greenfeed for most of 2019. The valuation of Greenfeed decreased by 14.6% during the June 2019 valuation exercise to USD 39.7mn. The Investment Manager subsequently divested the Company's stake in Greenfeed in September 2019 for a gross consideration of USD 40mn. Net proceeds after accounting for capital gains tax was USD 33.6mn. Together with the dividends received to date, the Company is estimated to have achieved a post-tax return multiple of 4.8x and an internal rate of return (IRR) on investment of 23.6%.

The valuation for Corbyns decreased by 29.0% in June 2019's valuation exercise to USD 16.3mn as Grant Thornton took into account various potential exit scenarios. The Investment Manager subsequently divested the Company's stake in Corbyns for a net consideration of USD 15mn (-34.5% compared to December 2018's valuation) in December 2019. Together with interest received to date, the Company is estimated to achieve a return multiple of 1.7x and an IRR on investment of 10.0%.

The valuation of the Company's position in Anova decreased by 5.5% compared to the valuation in December 2018 as ASF continues to affect the swine industry in Vietnam for most of 2019.

The valuation of the Company's position in VTC Online decreased by 75.2% compared to the valuation in December 2018. GT cited low possibilities of realisation as the main concern potentially impacting the exit strategies put in place by the Investment Manager.

<sup>17</sup> Assuming USD 0.2449 per share.

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The valuation of the Company's position in SSG decreased by 15.8% compared to the valuation in December 2018 due to lower price-to-book market multiples of SSG's peers.

### 1. Anova Corporation

In May 2011, the Company made a USD 8.7mn investment in Anova Corporation ("Anova") via 3-year convertible bonds, extended for another two-year period through 2015. In June 2012, the Company invested USD 1.7mn, exercising its pre-emptive right to subscribe to ordinary shares via a rights issue for Anova to acquire an animal feed company. In September 2015, the Company invested USD 2.2mn via a second rights issue for Anova to expand the animal feed business. The synergies available between feed, feed additives and animal health products will create opportunities over the next few years for Anova to gain market share and penetrate new markets. In June 2018, the Company invested USD 3.4mn via a third rights issue for Anova to expand its position in the farm-feed-food value chain. The Company's total fully diluted stake in Anova is 16.4%. In December 2019, the convertible bonds were extended by 6 months to 29 May 2020. To date, the Company has received approximately USD 3.9mn of dividends and interest from Anova.

Anova is the leading manufacturer of veterinary health products in Vietnam as well as the leading importer and distributor of raw materials for the animal health and feed sectors. Anova maintains a market share of 17% in the manufacturing and sale of finished veterinary products with the next closest competitor, Vemedim, at 12% of the total market.<sup>18</sup>

For 9M2019 (period ending September 2019), Anova reported VND 2,880bn in revenue (-15.4% YoY) and net profit after tax minus minority interest (NPATMI) of VND 636mn (-99.2% YoY). Negative consumer sentiment due to ASF affected pork consumption for the most of 2019. Further, the ramp up in operations for Anova's new milk business also affected the bottom-line for the company.

Anova's strategy of expanding into the food sector is on track, enabling the company to position itself as a major player in the farm-feed-food value chain in Vietnam. The management remains confident that business will improve going forward as the ASF situation stabilises.

The Company's sale process for Anova is progressing well with the main potential shareholder expecting to conclude advanced due diligence on the company by early May 2020. The Investment Manager expects the deal to be concluded by end Q2 2020, barring any unforeseen circumstances.

There is currently no trading market for the convertible bonds or ordinary shares. As of 31 December 2019, the Company's position in Anova was valued at USD 19.8mn. Anova's valuation is exposed to risks tied to the overall development of the swine industry in Vietnam, as well as the execution of the company's business and expansion plans. The final realisable value depends on the successful execution of the exit strategy undertaken by the Investment Manager.

### 2. VTC Online

In July 2012, the Company made a USD 10.0mn investment via subscription of ordinary shares, in VTC Online, an online games publisher in Vietnam. The Company owns 19.5% of VTC Online.

For 9M2019 (period ending September 2019), VTC Online reported VND 86.6bn (+2.4% YoY) in revenue and VND 4.1bn net profit (+32.4% YoY).

The Investment Manager met with the major shareholders of VTC Online in August 2019 and negotiated a proposal which would allow VTC Online to sell the 18 Tam Trinh building to return capital to the Company. An independent valuation exercise on the building was conducted in September 2019 with the

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<sup>18</sup> Source: Anova management

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## INVESTMENT MANAGER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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building being valued at USD 24.05mn. The Investment Manager is currently working with the company and VTC Corp to finalise the exit proposal.

There is currently no trading market for the ordinary shares. As of 31 December 2019, the Company's position in VTC Online was valued at USD 1.5mn, -75.2% compared to the valuation in December 2018. The valuation of the Company's investment in VTC Online was based entirely on the offer price given to the Company by management.

### 3. SSG Group

SSG was founded on 24 October 2003 with business interest in the Real Estate, Education, Mining and Mineral processing and Clean Energy sectors. The Company owns 1.1% of SSG Group.

The Investment Manager discussed with another shareholder of SSGA in August 2019 and was informed that SSG was considering to buy back the shares of the company. The Investment Manager is concurrently approaching financial intermediaries to sound out potential interested shareholders.

SSGA's audited accounts for 2019 was not available as of 1 February 2020.

There is currently no trading market for the ordinary shares. As of 31 December 2019, the Company's position in SSG was valued at USD 1.25mn, -15.8% compared to valuation in December 2018 due to lower price-to-book market multiples of SSG's peers.

## III. Market Overview

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**GDP growth remained strong** – Vietnam's gross domestic product (GDP) growth reached 7.02% for full-year 2019, exceeding the government target of 6.6% - 6.8%. While it came in marginally lower than 2018 GDP growth of 7.08%, it still represented the second highest GDP growth rate since 2011. The industrial and construction sectors remained the largest contributor towards GDP growth as said sector grew by 8.9% YoY and contributed to 50.4% of GDP growth, followed by the services sector with a growth of 7.3% YoY and contributing to 45.0% of GDP growth and the agriculture, forestry and fishery sector with a growth of 2.0% YoY and contributing to 4.6% of GDP growth. Vietnam's General Statistics Office (GSO) believes the GDP growth was fueled by a largely stable macro-economic environment, impressive rice exports numbers and low unemployment rates<sup>19</sup>.

**Inflation remained low** – the average Vietnam's consumer price index (CPI) showed a 2.79% increase YoY for FY2019. Despite the pick-up of the CPI reading during December 2019 (up 1.4% MoM and 5.23% YoY), the average CPI increase of 2.79% is still the lowest rate of CPI growth seen over the last three year. The main contributors to CPI growth were (1) a hike of 8.38% in retail electricity prices; (2) an increase of 4.65% in medical and health services prices; (3) an increase of 6.11% in education service prices. In contrast, the CPI reading also saw: (1) 3.13% decrease of domestic gasoline prices; (2) a 5.98% decrease YoY in domestic gas price; (3) 3.17% decrease YoY in sugar price.

**Controlled credit growth** – Vietnam's credit growth reached 13.5% YTD vs. a growth of 14% for same period in 2018. It is also lower than government target of 14% for full year 2019. Of which, loans in agriculture and rural sector rose by 11% YoY and accounted for 25% of total outstanding loans, loans in small and medium-sized enterprises rose by 16% YoY and loans in high-tech enterprises rose by 15%

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<sup>19</sup> Source: <https://vietnamnews.vn/economy/522033/gdp-climbs-676-per-cent-in-six-months.html#2XIZQ9wQTBYE01qJ.97>

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YoY. By end of 2019, non-performing loan (NPLs) decreased to 1.89%<sup>20</sup>. The interest rate slightly increased during 2019 as the deposit rate rose from 6.5% in 2018 to 7.0% in 2019 and the mortgage rate rose from 10.5% in 2018 to 11.0% in 2019<sup>21</sup>.

**Lower export growth but expanding trade surplus** – According to General Department of Vietnam Customs, for full-year 2019, Vietnam export value rose by 8.4% YoY to USD 264.19 billion and Vietnamese import value rose by 6.8% YoY to USD 253.07 billion, generating a trade surplus of USD 11.1 billion (+63% YoY). US continued to be the largest export destination for Vietnam with total export value of USD 60.7 billion (+27.8% YoY), followed by EU with total export value of USD 41.7 billion (-0.7% YoY) and China at USD 41.5 billion (+0.2% YoY). For imports, China was the largest import source market for Vietnam with total import value of USD 75.3 billion (+14.9% YoY), followed by South Korea at USD 47.3 billion (-0.6% YoY) and ASEAN at USD 32.1 billion (+0.8% YoY). The Vietnam-EU free trade agreement (FTA) was officially signed on 30 June 2019 and will eventually eliminate 99% of tariffs between said trading partners. The Vietnamese government expects the FTA to be a significant positive for Vietnam as it is expected to boost Vietnam's GDP by 2.18% to 3.25% annually by year 2023, and by 4.57% to 5.30% annually between 2024 to 2028<sup>22</sup>.

**Strong Foreign Direct Investment (FDI) inflows from China and Hong Kong due to trade war** – As of 20 December 2019, Vietnam attracted USD 22.5 billion of total newly registered FDI and additional FDI, down 12.0% YoY. This was partly due to the high base of 2018, which included three new mega-projects including the smart city project located in Hai Boi and Vinh Ngoc communes, Dong Anh district, Hanoi (USD 4.14 billion), a polypropylene factory and a liquefied petroleum gas underground storage facility in Ba Ria-Vung Tau (USD 1.2 billion) and an international integrated resort - Laguna Lang Co project in Hue (USD 1.12 billion). In addition, the capital contribution and share purchases by foreign shareholders rose by 56.4% YoY to USD 15.5 billion, of which Sabeco deal was USD 4.8 billion. Disbursed FDI rose by 6.7% YoY to USD 20.4 billion. For full-year 2019, South Korea has been the biggest FDI contributor into Vietnam with total new registered capital of USD 3.7 billion, accounting for 21.9% of total new registered capital, followed by Hong Kong with USD 2.8 billion, accounting for 16.8% of total new registered capital and China with USD 2.4 billion, accounting for 14.2% of total new registered capital. FY2019 witnessed strong increases in new registered capital from Hong Kong and China with a growth of 149% YoY and 95% YoY respectively, primarily as a result of the relocation of manufacturing investments towards Vietnam due to the concern of trade war between US and China.

**Limited currency fluctuation** – During 2019, despite the weakening of USD (against most ASEAN currencies) and relative weakness of the Chinese RMB (against the USD), the VND remained largely stable. This is due to diversified foreign inflows from FDI disbursement and positive trade performance.

Vietnam Economic Indicators

		2016	2017	2018	2019
Real GDP Growth	%	6.2	6.7	7.1	7.0
CPI	%	4.7	2.6	3.54	2.8
Export Growth	%	9.0	20.6	13.80	8.4
Import Growth	%	5.2	21.3	11.50	6.8
Trade Balance	\$bn	2.7	2.3	7.20	11.1
Registered FDI	\$bn	21.0	35.9	25.60	22.5
FX Reserve	\$bn	41.0	52.0	60.00	80.0
USD/VND	VND	22,761	22,968	23,245	23,173

<sup>20</sup> Source: <https://customsnews.vn/credit-growth-low-but-on-the-right-track-13253.html>

<sup>21</sup> Source: VCSC report

<sup>22</sup> Source: <https://www.reuters.com/article/us-eu-vietnam-trade/vietnam-eu-sign-landmark-free-trade-deal-idUSKCN1TV0CJ>

# VIETNAM PHOENIX FUND LIMITED

## INVESTMENT MANAGER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

**Vietnamese stocks provided one of highest returns in ASEAN** – For the full-year of 2019, VN Index (Ho Chi Minh Stock Exchange Index) returned 7.74% while VH Index (Hanoi Stock Exchange Index) lost 1.56% over the same period in USD term. After a lag in 1H2019, Vietnamese stock market (VNIndex) caught up with ASEAN peers in 2H2019 and became the third highest performing market after Thailand (SET Index) and Philippines (PCOM Index). Vietnamese stock market was supported by several factors such as (1) Stable domestic politics and currency; (2) Sustainable economic growth, driven by urbanisation and the growing middle-class consumers segment; (3) One of long-term beneficiaries of the trade tension between US and China; (4) new Free-Trade Agreement with the European Union; (5) MSCI upgrade.

During FY2019, the Vietnamese stock market witnessed high volatility. The market reached performance of the year in Q1 2019 then it fluctuated during the period from March 2019 to October 2019 and it was adjusted sharply in the last 2 months of the year. Main contributors to VNIndex's return were banks and Vin-family stocks including Vietcombank (VCB) [+70.85%, contributing 4.55% in VNIndex return], VinGroup (VIC) [+21.22%, contributing 2.27% in VNIndex's return], Bank for Investment and Development (BID) [+39.30%, contributing 1.53% in VNIndex's return] and Vinhomes (VHM) [+17.43%, contributing 1.44% in VNIndex's return]. By contrast, VNIndex's laggards were also notable large-cap names such as Sabeco (SAB) [-13.90%, -0.79% relative to the VNIndex], Masan Group (MSN) [-26.77%, -0.74% relative to the VNIndex], Bao Viet Holdings (BVH) [-21.51%, -0.42% relative to the VNIndex] and FLC Faros Construction JSC (ROS) [-55.09%, -0.40% relative to the VNIndex].

Foreign investors bought net USD 286 million in Vietnamese listed stock in 2019. Foreign shareholders' purchases focused narrowly on several names, including VinGroup (VIC) [+21.22%, foreigner net buy of USD 227 million], Petrolimex (PLX) [+10.40%, foreigner net buy of USD 91 million] and Vietcombank (VCB) [+70.85%, foreigner net buy of USD 76 million], while they mainly sold while they mainly sold VietJet (VJC) [+23.46%, foreigner net sell of USD 107 million], VinHomes (VHM) [+17.43%, foreigner net sell of USD 64 million] and Vinamilk (VNM) [+1.15%, foreigner net sell of USD 53 million]<sup>23</sup>.

		Mkt Cap (USD bn)	2019 index change (USD)	2020 Forward P/E	PEG	Div Yield	ROE
Indonesia	JCI	526	6.13%	21.3	3.3	2.2%	18.7%
Thailand	SET	557	9.74%	21.6	2.4	2.8%	14.8%
Singapore	FSSTI	419	6.46%	13.8	4.6	3.6%	10.5%
Malaysia	FBMKLCI	250	-5.02%	20.8	N.A	3.3%	19.1%
Philippines	PCOMP	193	8.16%	18.2	1.7	1.6%	13.5%
Vietnam	VNINDEX	142	7.74%	18.8	1.4	1.7%	20.7

Source: Bloomberg 31/12/2019

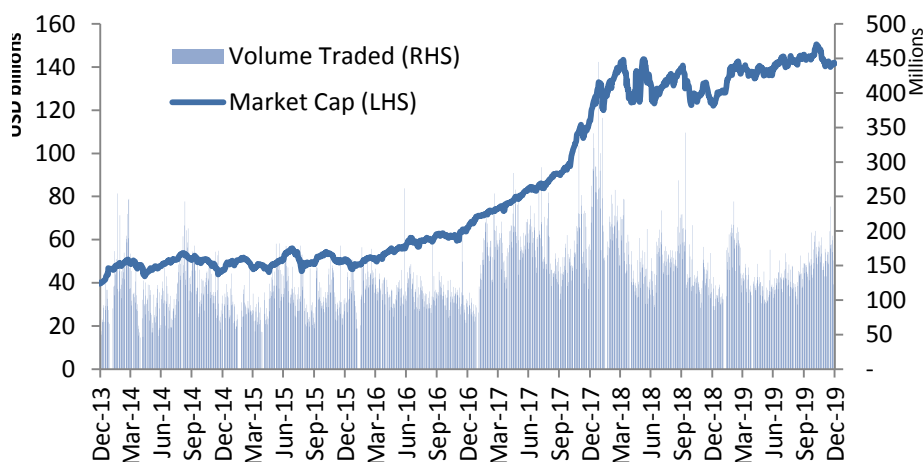
<sup>23</sup> Source: <https://vietnambiz.vn/khoi-ngoai-rot-7400-ti-dong-vao-ttck-viet-nam-nam-2019-co-phieu-vic-dan-dau-top-mua-rong-202001031812221.htm>



# VIETNAM PHOENIX FUND LIMITED

## INVESTMENT MANAGER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

### VNIndex Market Cap and Volume



## IV. Outlook and Strategy

### Listed Equities

The Investment Manager's bottom-up stock selection aims to identify high quality companies with sustainable growth potential, strong competitive advantages and an economic moat. In addition, our stock selection strategy also emphasizes investing in companies that are helmed by a competent and effective management team with solid track record and sound corporate governance.

In terms of the macro-economic environment, we believe that Vietnam's economic growth story remains structurally attractive. Over the longer term, Vietnam's economic expansion will be aided by an expanding middle-class, fueling consumption growth and urbanization trend. The country's demographic profile with the Vietnamese population's median age being only 31 years old (as of July 2018) is one of the most promising within ASEAN and can help to sustain a long growth runway for the country.

The current VPF A's portfolio includes high quality companies that are well-placed to benefit from Vietnam's growth. Within portfolio's top five holdings, VNM is amongst the most well-managed companies in Vietnam's corporate landscape. Its well-recognized brand boasts a c.60% market share in the dairy milk segment within Vietnam and it is supported by an extensive distribution network. Going forward, we expect VNM to capture growing domestic consumption in Vietnam and continuing growth of per-capita milk consumption. VNM's track record in generating free cashflow from its operations is outstanding and we expect that its market leading position will enable this to continue.

FPT, one of the largest holdings in the VPF A's portfolio currently, is the most recognizable player within Vietnam's information technology (IT) services and IT outsourcing industry. FPT's IT outsourcing services are offered to domestic clients across a broad range of industries (including government administration, banking and finance and healthcare). FPT is also a successful example of a Vietnamese company that is competitive in overseas markets – consistently growing its revenue from its software outsourcing segment by 31.5% in 11M2019 driven by growth in markets such as Japan and US.

HPG is the largest steel player in Vietnam (more than 4 million tonnes of construction steel production capacity annually after all expansion plans are completed). The steel producer reported 25.5% market share in construction steel and 30.0% market share in steel pipes as end of 2019. We believe it will stand to benefit from broad-based increase of steel demand driven by the urbanization trend in Vietnam.

# VIETNAM PHOENIX FUND LIMITED

## INVESTMENT MANAGER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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HPG's valuations remain undemanding in our view, trading at 2019E/2020E forward P/E of 9.1x/7.3x respectively.

On top of the current existing holdings within our portfolio, we are constantly evaluating a number of companies that are likely to benefit from increased integration of Vietnam into global trade networks. We see attractive long-term growth prospects for companies within the infrastructure space, transportation/logistics industry and select names in the banking sector which can effectively tap the overall economic growth of Vietnam.

### *Private Equity*

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As VPF C has a fixed life expiring no later than 31 December 2020 (unless extended by an ordinary resolution passed at a separate general meeting of Private Equity Shareholders), the investment objective for the Class C Shares portfolio is to realise the assets in an orderly manner that seeks to achieve a balance between maximising the value of the portfolio and returning cash to shareholders promptly by means of pro-rata redemptions of the Class C Shares. The Investment Manager is working towards achieving liquidity for each investment in the portfolio. As the portfolio comprises of meaningful stakes in leading companies in their respective industries in Vietnam, the Investment Manager believes there will be interest shown by financial investors as well as strategic investors.

In 2019, the Vietnamese pig industry took a negative turn due to the outbreak of the ASF. The wide spread of the disease saw Vietnam culling up to 2.5mn pigs since the beginning of the year, out of an estimated pig's pig population of 30mn<sup>24</sup>. In line with the downturn of the industry, Anova's 9M 2019 performance reflected a decline in both revenue and net profit. This affected GT's valuation for Anova for FY 2019. Meanwhile, the sales process is progressing well. The main potential shareholder continues to express keen interest in the Company's stake in Anova. The due diligence process is expected to be concluded late April 2020. The Investment Manager expects the deal to be concluded by Q2 2020.

On VTC Online, the Investment Manager met with the major shareholders of VTC Online in August 2019 and negotiated a potential transaction which would allow VTC Online to sell the 18 Tam Trinh building to return capital to the Company. An independent valuation exercise was subsequently conducted in September 2019 to appraise an updated value of the building. The Investment Manager will meet with VTC Online in February 2020 to work on a schedule to complete the documentation of the transaction for the sale of the 18 Tam Trinh building and the process of exiting the Company's position in VTC Online. The Investment Manager has concurrently approached other interested parties to divest the Company's stake in VTC Online.

In the latest valuation exercise, GT recommended the offer price by the management as the value of the Company's stake, citing time constraints and low possibilities of realisation as main concerns potentially impacting the exit strategies put in place by the Company.

On SSG, the Investment Manager expects to engage SSGA's management together with another shareholder in March 2020 to discuss the share buyback program. The Investment Manager will also explore selling the Company's stake to the shareholder if the share buyback program did not materialise in time.

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<sup>24</sup> Source: <https://www.reuters.com/article/us-vietnam-swinefever/vietnam-culls-2-million-pigs-urges-whole-nation-to-fight-swine-fever-idUSKCN1T10P7>



# VIETNAM PHOENIX FUND LIMITED

## INVESTMENT MANAGER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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### *V. Risks in 2020*

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Apart from the inherent risks of investing in an emerging market such as Vietnam, the Investment Manager would like to draw additional attention to the following points that could adversely impact the VPF A Shares portfolio's performance over the next year:

**COVID-19 outbreak** – Since the start of January 2020, global financial markets have been monitoring and reacting to the spread of the COVID-19 pandemic. COVID-19 is expected to cause significant disruptions to supply chains around the world. This will likely have a negative impact on the Vietnamese economy, particularly in the manufacturing and tourism sectors. The pandemic is expected to have a greater macro impact than that of SARS as it appears to spread more easily compared to SARS. During the SARS outbreak in 2002-2003, the impact on the Vietnamese economy was minor as the number of infected cases was limited and short-lasting. However, the severity and duration of COVID-19 remains unknown.

**Dramatic global economic slowdown** – The global economic environment experienced instability for most of 2019 due to the trade disputes between the USA and China. The outbreak of COVID-19 may increase pressure on major economies, especially the USA, to protect their domestic businesses as consumer spending decreases. A wide adoption of “beggar-thy-neighbour” approach in trade will lead to disorder in the currency market and other regional trade links (Korea-Japan and China-ASEAN). In past recessions, capital flows have tended to withdraw from emerging markets first, due to perceived higher levels of risks present in emerging markets compared to developed market. A weakened consumption environment in China and other major markets such as EU and the USA will affect Vietnam's export industry.

**Escalation of trade war tensions and spilling into other areas of contention** – While Vietnam can potentially benefit from the ongoing trade tensions between US and China (e.g. from the shift of manufacturing capacity to Vietnam), it is still unclear how the trade disputes might evolve in an escalating tit-for-tat approach between the two major economies. Recent moves over the devaluation of Chinese RMB currency (especially during Aug-2019) is a sign of concern. Apart from increased volatility in the financial markets (including Vietnam's) derived from sudden and significant shifts in major currencies, the devaluation of the Chinese RMB might also reduce Vietnamese exporters' competitiveness relative to China. It is difficult to predict the approaches the major economies might take to cushion the impact on their own domestic economies. However, in the near-term, it may continue put pressure on Vietnam's near-term export growth.

If the trade dispute between the USA and China escalates significantly, we expect a broad-based negative impact on consumers' confidence. Given Vietnam's export-oriented growth, weaker demand conditions from Europe, the USA and the Asian markets will negatively impact consumer spending and the pace of consumption growth within Vietnam. Specifically, we expect consumer discretionary spending and highly cyclical industries such as materials to be negatively impacted.

**Returning capital to investors by 31 December 2020 for VPF C** - The Vietnam Phoenix Fund Class C shares have a fixed life expiring latest on 31 December 2020 (unless extended by an ordinary resolution passed at a separate general meeting of Private Equity Shareholders). The ability to return capital to the shareholders depends on the progress of the divestment of the remaining investee companies in the portfolio.



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### ***Qualified Opinion***

We have audited the financial statements of Vietnam Phoenix Fund Limited ("the Company"), which comprise the statement of financial position as at 31 December 2019, the statements of comprehensive income, changes in net assets attributable to holders of redeemable participating shares and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### ***Basis for Qualified Opinion***

The Company has investments in Anova Corporation ("Anova") in the form of ordinary shares and a convertible bond. The fair value of the investments is made up of US\$9,338,544 and US\$10,483,163 for the ordinary shares and convertible bond respectively.

The valuation of the Company's investments in Anova at 31 December 2019, was based on 30 September 2019 unaudited financial information and did not take into account key financial information as at 31 December 2019. We were unable to obtain sufficient appropriate audit evidence about the fair value of the investment in Anova within the Company's statement of financial position as at 31 December 2019, and the related unrealized loss of US\$1,053,948 within the statement of comprehensive income for the year ended 31 December 2019. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

The Company has an investment in VTC Online Joint Stock Company ("VTC"), which is carried in the Company's statement of financial position at US\$1,510,411 as of 31 December 2019.



As discussed in note 15 to the financial statements, pursuant to the Share Purchase Agreement dated 22 June 2012 (the “SPA”), on 20 September 2018 the Company exercised the put option by sending notice of repurchase to VTC. The valuation of the Company’s investment in VTC is based on an offer price from the management of VTC. The audited financial statements of VTC for the year ended 31 December 2017 cannot be issued until the conclusion of an investigating body regarding social games which are considered gambling in nature. Further it is noted that unaudited financial information for VTC Online was only available until 30 September 2019 and did not take into account key financial information as at 31 December 2019. We were unable to obtain sufficient appropriate audit evidence to assess the recoverability of the Company’s investment in VTC and consequently the fair value of the investment within the Company’s statement of financial position as at 31 December 2019, and the related unrealized loss of US\$4,549,214 within the statement of comprehensive income for the year ended 31 December 2019. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

The Company has an investment in S.S.G Company Joint Stock Company (“SSG”) which is carried in the Company’s statement of financial position at US\$1,256,144 as of 31 December 2019.

The valuation of the Company’s investments in SSG at 31 December 2019, was based on 31 December 2018 financial information and did not take into account key financial information as at 31 December 2019. We were unable to obtain sufficient appropriate audit evidence about the fair value of the investment in SSG within the Company’s statement of financial position as at 31 December 2019, and the related unrealized loss of US\$229,478 within the statement of comprehensive income for the year ended 31 December 2019. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Anova, VTC Online and SSG are all allocated to Class C Shareholders.

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”), together with the ethical requirements that are relevant to our audit of the financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

#### ***Key Audit Matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.



**Valuation of financial instruments (US\$58,432,832) (2018: US\$169,439,907)**

**Refer to page 31 to 36 (accounting policy) and pages 53 to 69 (financial disclosures)**

**Description of the key audit matter**

The Company's investment portfolio is the key driver of capital and revenue performance. Accordingly, we identified the following matters that were of most significance in the audit of the financial statements, namely the risk of:

- Incorrect valuation of the investment portfolio, in particular for the private equity investments held. No quoted market price is available for the private equity investments. Unquoted investments are measured at fair value. Their valuation, given the judgmental nature of the matters that require consideration by the investment manager carry a significant risk.

We have addressed the key audit matters as follows:

- We documented the processes in place to record investment transactions and to value the portfolio, including assessing the design and implementation of controls relevant to the valuation, completeness and existence of investments;
- We agreed all year end prices for listed equities to an independent source;
- For all private equity and convertible debt investments, we challenged the appropriateness of the valuation basis applied and the underlying assumptions, as detailed in the December 2019 Valuation Report dated 20 January 2020, prepared by the Company's valuation specialist.
- In addition, we considered the appropriateness of the disclosures relating to unquoted investments, having regard for the requirements of IFRS.

Based on our assessment of information obtained from our procedures, except for the effects of the matter described in the basis for qualified opinion section of our report we concluded that judgments relating to the valuation of investments were reasonable.

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the Investment Manager's Report for the year ended 31 December 2019, the Statement of Directors' Responsibilities in respect to the financial statements and the Supplemental Unaudited Information to the Financial statements but does not include the financial statements and our auditors' report thereon.

Our qualified 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. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence about the carrying amount of the Company's investments in Anova, VTC Online and SSG as at 31 December 2019 and the related unrealized gain or loss. Accordingly, we were unable to conclude whether or not the other information is materially misstated with respect to this matter.

***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

In preparing the financial statements, management is 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.

Those charged with governance are responsible for 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 judgment and maintain professional skepticism 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 control.
- Obtain an understanding of internal control 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance 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 those charged with governance, 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 law or regulation precludes 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 Claire Griffin.

KPMG

April 30, 2020

# VIETNAM PHOENIX FUND LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	31/12/2019 USD	31/12/2018 USD
<b>Income</b>			
Net (loss)/gain on investments at fair value through profit or loss	2(f), 3	(22,199,903)	320,124
<b>Total income</b>		<u>(22,199,903)</u>	<u>320,124</u>
Operating expenses	4	(2,528,022)	(3,179,682)
<b>(Loss) for the year</b>		<b>(24,727,925)</b>	<b>(2,859,558)</b>
<b>Taxation</b>			
Deferred taxation	10	(1,025,631)	-
<b>Decrease in net assets attributable to holders of redeemable participating shares resulting from operations</b>		<u><b>(25,753,556)</b></u>	<u><b>(2,859,558)</b></u>

	Class A Shares 31/12/2019	Class C Shares 31/12/2019
<b>Earnings/(Loss) per Share</b>		
Basic	4.82c	(9.16)c
Diluted	4.82c	(9.16)c

**Weighted average shares outstanding**

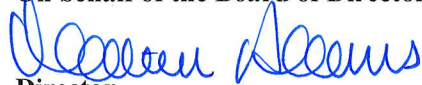
Basic	58,587,703	310,475,616
Diluted	58,587,703	310,475,616

	Class A Shares 31/12/2018	Class C Shares 31/12/2018
<b>(Loss)/earnings per Share</b>		
Basic	(8.59)c	0.92c
Diluted	(8.59)c	0.92c

**Weighted average shares outstanding**

Basic	76,295,406	402,562,501
Diluted	76,295,406	402,562,501

On behalf of the Board of Directors

  
Director

30 April 2020

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



# VIETNAM PHOENIX FUND LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Notes	31/12/2019	31/12/2018
		USD	USD
<b>Assets</b>			
Cash and cash equivalents	6	24,350,673	273,266
Financial assets at fair value through profit or loss	14	58,432,832	169,439,907
<b>Total assets</b>		<u>82,783,505</u>	<u>169,713,173</u>
<b>Liabilities</b>			
Accounts payable	7	(279,516)	(273,424)
Deferred Tax	10	(1,025,631)	-
<b>Total liabilities (excluding net assets attributable to holders of redeemable participating shares)</b>		<u>(1,305,147)</u>	<u>(273,424)</u>
<b>Net assets attributable to holders of redeemable participating shares</b>		<u><u>81,478,358</u></u>	<u><u>169,439,749</u></u>

On behalf of the Board of Directors



Director

30 April 2020

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



## VIETNAM PHOENIX FUND LIMITED

### **STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES FOR THE YEAR ENDED 31 DECEMBER 2019**

	<b>31/12/2019</b>	<b>31/12/2018</b>
	<b>USD</b>	<b>USD</b>
Net assets attributable to holders of redeemable participating shares at beginning of the year	169,439,749	209,607,800
Proceeds from issuance of share subscriptions during the year	21,055	309,021
Payments on share redemptions during the year	(62,228,890)	(37,617,514)
Decrease in net assets attributable to holders of redeemable participating shares resulting from operations	(25,753,556)	(2,859,558)
<b>Net assets attributable to holders of redeemable participating shares at end of the year</b>	<b>81,478,358</b>	<b>169,439,749</b>

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

# VIETNAM PHOENIX FUND LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	31/12/2019 USD	31/12/2018 USD
<b>Cash flows from operating activities</b>		
<b>(Loss) for the year</b>	(25,753,556)	(2,859,558)
<i>Adjustment for non-cash items:</i>		
Decrease in financial assets at fair value through profit or loss	111,007,075	40,158,845
<i>Changes in operating assets and liabilities</i>		
Increase/(decrease) in accounts payable	1,031,723	(3,312,098)
Net cash from operating activities	86,285,242	33,987,189
<b>Cash flows from financing activities</b>		
Share subscriptions during the year	21,055	309,021
Share redemptions during the year	(62,228,890)	(37,617,514)
Net cash used in financing activities	(62,207,835)	(37,308,493)
Net increase/(decrease) in cash and cash equivalents	24,077,407	(3,321,304)
Cash and cash equivalents at the beginning of the year	273,266	3,594,570
<b>Cash and cash equivalents at the end of the year</b>	<u>24,350,673</u>	<u>273,266</u>
Cash flows from operating activities include:		
Interest received	899,188	1,439,649
Dividends received	1,157,224	3,795,914
Taxation paid	(16,838)	(11,771)

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

# VIETNAM PHOENIX FUND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT/D)

### **1 Incorporation and principal activity**

The Vietnam Phoenix Fund Limited (the “Company”), previously known as DWS Vietnam Fund Limited, is an exempted company with limited liability formed under the laws of the Cayman Islands on 13 September 2006. The registered office of the Company is located at DMS House, 20 Genesis Close, P.O. Box 1344, Grand Cayman KY1-1108, Cayman Islands.

The investment objective of VPF A’s portfolio is to seek long-term capital appreciation by investing directly or indirectly in a diversified portfolio of securities of companies that do some or all of their business in Vietnam. Class A shares are redeemable at the NAV of the share class at the date of redemption.

For VPF A’s portfolio, the Company seeks to achieve its investment objective through investing primarily in securities of listed entities, including Vietnamese-listed companies and overseas companies. The Company may also invest in securities issued by governmental agencies.

The investment objective of VPF C’s portfolio is to realise the assets of its portfolio in an orderly manner that seeks to achieve a balance between maximising the value of the portfolio and returning cash to holders of Class C shares promptly by means of pro rata redemptions of Class C shares. Class C shares have a fixed life expiring on the earlier of the date on which the last Class C shares are redeemed and 31 December 2020 (unless extended by an ordinary resolution passed at a separate general meeting of Private Equity Shareholders).

The Company holds all of its investments through wholly owned subsidiary companies which are special purpose entities (“SPEs”) incorporated outside of Vietnam. The Company has seven wholly-owned SPEs, incorporated as exempted companies with limited liability in the Cayman Islands, having the purpose of acting as trading conduits of the Company. These SPEs are:

1. Epsom Limited
2. Lionel Hill Limited
3. Beira Limited
4. Prime Limited
5. Siglap Limited
6. Kallang Limited
7. Hephaestus Limited

As at the financial year end 31 December 2019 all of these SPEs with the exception of Kallang Limited were in operation.

As at 31 December 2019 and 2018, the Company and its SPEs (the “Group”) had no employees. The investment activities of the Company are managed by Duxton Asset Management Pte Ltd (“Duxton” or the “Investment Manager”) and the administration of the Company is delegated to State Street Fund Services (Ireland) Limited (the “Administrator”). The Investment Manager appoints all members of the boards of directors of the seven SPEs listed above. Class C shares of the Company are listed on Euronext Dublin.

### **2 Significant accounting policies**

#### **Statement of Compliance**

These financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”). The significant accounting policies adopted by the Company are set out below.

The accounting policies, presentation and methods of calculation applied by the Company in these financial statements are consistent with those applied by the Company in its financial statements for the year ended 31 December 2018.

# VIETNAM PHOENIX FUND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT/D)

### 2 Significant accounting policies (cont/d)

#### Statement of Compliance (cont/d)

Following the restructuring of the Company in January 2017, and the creation of three share classes, all shares in the Company are classified as redeemable participating shares. Redeemable participating shares are redeemable at the shareholder's option and are classified as financial liabilities. A redeemable participating share can be put back to the Company at any time for cash equal to a proportionate share of the Company's net asset value. A redeemable participating share is carried at the redemption amount that is payable at the Statement of Financial Position date if the shareholder exercises the right to put the share back to the Company.

#### a) Functional and presentation currency

The financial statements are presented in US Dollars. The functional currency of the Company is the US Dollar, reflecting the fact that all subscriptions received were denominated in US Dollars. All amounts have been rounded to nearest US Dollar.

The accounting policies have been applied consistently by the Company to both periods presented in the financial statements.

#### Going Concern:

The financial statements have been prepared on a going concern basis.

Class C shares class has a fixed life expiring on the earlier of the date on which the last Private Equity Shares are redeemed and 31 December 2020 (unless extended by an ordinary resolution passed at a separate general meeting of Private Equity Shareholders).

#### b) Accounting estimates and judgments

The preparation of the financial statements, in accordance with IFRS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Actual results could differ from those estimates.

The fair value of the SPEs are based on the fair value of the underlying investments they hold with estimation being involved in arriving at the fair value of certain of those underlying investments. Fair value estimates are made at the reporting date, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment (e.g. interest rates, volatility, estimated cash flows etc.) and therefore, cannot be determined with precision. Note 14 details the fair value hierarchy and supporting information. The fair value of the SPEs factors in a reduction for a deferred tax provision on the underlying investments where considered necessary. The deferred tax provision as at year end 31 December 2019, reflected as part of the valuation of the subsidiaries, was USD 1,025,631 (2018: USD Nil).

The estimates 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.

IFRS 9 "Financial Instruments" ("IFRS 9") replaced the provisions of IAS 39 that relate to the recognition, classification and measurement of financial instruments, including derecognition and impairment of such financial instruments. The Directors determined that in order for the financial statements to give a true and fair view, the Company classifies financial instruments as measured at amortised cost or at fair value through profit or loss. Therefore, financial instrument classification remains consistent with the policies of the most recent annual audited financial statements.

# VIETNAM PHOENIX FUND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT/D)

### **2 Significant accounting policies (cont/d)**

#### **c) New accounting standards, amendments and interpretations**

##### **New standards, amendments and interpretations issued and effective for the financial year beginning 1 January 2019**

IFRIC 23 “Uncertainty over Income Tax Treatments” was issued in June 2017 and became effective for periods beginning on or after 1 January 2019. It clarifies the accounting for uncertainties in income taxes which is applied to the determination of taxable profits (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments in accordance with IAS 12. It clarifies that the Company should consider whether tax treatments should be considered independently or collectively, whether the relevant tax authority will or will not accept each tax treatment and, the requirement to reassess its judgements and estimates if facts and circumstances change. The application of IFRIC 23 has not had a significant effect on the Company’s financial position, performance or disclosures in its financial statements.

IFRS 16 “Leases” was issued in January 2016 and became effective for periods beginning on or after 1 January 2019. The application of IFRS 16 has not had a significant impact on the Company’s financial position, performance or disclosures in its financial statements.

##### **New standards, amendments and interpretations issued but not effective for the financial period beginning 1 January 2019 and not early adopted**

IFRS 17 “Insurance Contracts” was issued in May 2017 and will become effective for accounting periods beginning on or after 1 January 2021. It applies to: insurance contracts, including reinsurance contracts, issued by an entity; reinsurance contracts held by an entity; and investment contracts with discretionary participation features issued by an entity that issues insurance contracts. An insurance contract is defined as ‘a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder’. The new standard is not expected to have a significant impact on the Company’s financial position, performance or disclosures in its financial statements.

#### **d) Consolidation**

To determine the appropriate accounting treatment as set out under IFRS 10, “Consolidated Financial Statements” the Company has determined that it meets the definition of an investment entity (“IE”) as it meets the required criteria as follows:

- (i) It has obtained funds from one or more investors for the purpose of providing those investors with investment management services;
- (ii) It has committed to its shareholders that its business purpose is to invest funds solely for returns from capital appreciation investment income or both; and
- (iii) It measures and evaluates the performance of substantially all of its investments on a fair value basis.

In addition, the Company has concluded that it has all the following typical characteristics of an IE, namely:

- (i) It has more than one investment;
- (ii) It has multiple shareholders;
- (iii) The majority of its shareholders are not related parties; and
- (iv) It has ownership interests in the form of equity.

# VIETNAM PHOENIX FUND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT/D)

### **2 Significant accounting policies (cont/d)**

#### **d) Consolidation (cont/d)**

As the SPEs do not provide management services or strategic advice and all activities are managed through the parent company level, the Company has concluded that all its subsidiaries through which the Company holds its investment portfolio are also investment entities and should be accounted for at fair value through profit or loss.

#### **e) Financial Instruments**

##### **(i) Classification**

IFRS 10 Investment Entity Amendment requires subsidiaries to be accounted for at fair value through profit or loss in accordance with IFRS 9.

Associates are entities over whose financial and operating policies the Company has the ability to exercise significant influence. Investments in associated undertakings are initially recorded at cost and subsequently carried at fair value through profit and loss.

##### **(ii) Recognition**

The Company recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument. A regular way purchase of financial assets is recognised and derecognised using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

##### **(iii) Measurement**

Financial instruments are measured initially at fair value. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed through operating expenses in the profit or loss immediately while on other financial instruments such costs are amortised. Subsequent to initial recognition, except for financial instruments carried at amortised cost, all other financial instruments are fair valued through profit or loss.

##### **(iv) Fair value measurement principles**

An underlying investment in a security held through IE subsidiaries, which are quoted, listed or normally dealt on a securities market or on another regulated market that is active will normally be valued at the official close of business last traded price on the principal market for such security. Where such security is listed or dealt in on more than one securities market the Administrator will value the security in the principal market, or in the absence of a principal market in the most advantageous active market to which the entity has immediate access. The value of any investment which is not listed or dealt in an active securities market shall be the value using an average of available broker prices, provided the variance between broker prices is not significant, the Net Asset Value ("NAV") as provided by a reputable administrator, or using an alternative estimation technique to measure fair value where no broker prices are available, if this is considered the best estimate of fair value at the year end. The fair value of the SPEs is based on the fair value of the underlying investments they hold with a reduction for a deferred tax provision if applicable, the calculation of which is based on the underlying investments, as described in Note 2(n).

##### **(v) Derecognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IFRS 9. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

##### **(vi) Cash and cash equivalents**

Cash comprises current deposits with banks. Cash and 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. Cash and cash equivalents are carried at amortised cost which approximates its fair value.

# VIETNAM PHOENIX FUND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT/D)

### **2 Significant accounting policies (cont/d)**

#### **e) Financial Instruments (cont/d)**

(vii) Impairment of financial assets

IFRS 9 replaced the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost and debt investments at FVOCI, but not investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39. As the financial assets are carried at fair value through profit or loss, ECL provision on credit losses are not applicable on the fund's financial assets.

#### **f) Net gains and losses on investments at fair value through profit or loss**

Gains and losses arising from investments at fair value through profit or loss are included in the Statement of Comprehensive Income. The net gain from investments at fair value through profit or loss include all realised and unrealised fair value changes, foreign exchange differences and interest and dividend income received, calculated as described in Note 2(h) and 2(i). The net gain from investments at fair value through profit or loss is analysed in Note 3.

#### **g) Translation of foreign currencies**

Transactions in foreign currencies are translated into US Dollars, the functional currency, at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are then subsequently translated to US Dollars at the foreign currency closing exchange rate ruling at the reporting date. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised through profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to US Dollars at the foreign currency exchange rates ruling at the dates that the values were determined.

Foreign exchange gains and losses on financial assets and financial liabilities at fair value through profit or loss are recognised together with other changes in the fair value.

#### **h) Interest Income**

Interest income is recognised in gains and losses arising from investments at fair value through profit or loss as it accrues, using the original effective interest rates of the instrument calculated at the later of the acquisition or origination date. Interest income includes the amortisation of any discount or premium, or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest basis.

#### **i) Dividend income**

Dividend income relating to equity investments is recognised in gains and losses arising from investments at fair value through profit or loss on the ex-dividend date in the Statement of Comprehensive Income. In some cases, the Company may receive or choose to receive dividends in the form of additional shares rather than cash. In such cases the Company recognises the dividend income through the Statement of Comprehensive Income for the amount of the equivalent cash dividend alternative with the corresponding debit in financial assets at fair value through profit or loss in the Statement of Financial Position.

#### **j) Expenses**

All expenses, including investment management fees, administration fees and custodian fees are recognised in profit or loss on an accruals basis.

# VIETNAM PHOENIX FUND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT/D)

### **2 Significant accounting policies (cont/d)**

#### **k) Offsetting**

Financial assets and financial liabilities are offset, and the net amount presented in the Statement of Financial Position when, and only when, the Company has a legally enforceable right to offset the amounts and intends to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses presented on a net basis for gains and losses from financial instruments at fair value through profit or loss and foreign exchange gains and losses.

#### **l) Share Capital**

Costs directly associated with the issuance of original share capital in excess of par value of the Company were charged to the share premium account.

#### **m) Redeemable shares**

The redeemable shares are classified as financial liabilities at amortised cost and are measured at the present value of the redemption amounts.

#### **n) Taxation**

Current tax is provided against the Company's taxable profits, at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Dividend and interest income received by the Company may be subject to withholding tax imposed in the country of origin. Investment income is recorded gross of such taxes and the withholding tax is recognised as 'non-reclaimable withholding tax' in the profit or loss.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the reporting date. Provision is made at the rates expected to apply when the temporary differences reverse.

Temporary differences are differences between the carrying amount of an asset or liability in the Statement of Financial Position and its tax base.

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.

#### **o) Segmental Reporting**

The Company operates a single operating segment under IFRS 8 with all decisions on allocating resources and reviewing performance of the Company being managed as a single segment. Note 15 provides a detailed description of the presentation of segment information.



# VIETNAM PHOENIX FUND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT/D)

3	Net (loss)/gain on investments at fair value through profit or loss	31/12/2019	31/12/2018
		USD	USD
	Dividend income*	1,108,017	3,776,953
	Interest income	458,498	1,439,372
	Realised gain on investments	14,344,401	19,328,537
	Net unrealised (loss) on investments	(38,139,753)	(24,379,551)
	Net foreign exchange loss	(53,213)	(99,943)
	Other income**	82,147	254,756
		<u>(22,199,903)</u>	<u>320,124</u>

\*Dividend income is net of withholding tax.

\*\*For year ended 31 December 2019, other income USD82,147 comprises the redemption fees applicable to Class A shares redemptions and for year ended 31 December 2018, other income is inclusive of USD227,388 redemption fees applicable to Class A shares redemptions.

4	Operating expenses	Notes	31/12/2019	31/12/2018
			USD	USD
	<b>Investment Manager</b>			
	Investment Management fee	11	(1,033,949)	(2,118,578)
	Performance fee	11	(209)	(111,401)
			<u>(1,034,158)</u>	<u>(2,229,979)</u>
	<b>Custodian</b>			
	Custodian fees	9	(179,856)	(246,578)
	<b>Administrator</b>			
	Administration fees	9	(156,440)	(221,235)
	Transfer Agency fees		(6,000)	(6,000)
			<u>(162,440)</u>	<u>(227,235)</u>
	<b>Other expenses</b>			
	Directors' fees	5,11	(150,000)	(150,000)
	Directors' Insurance		(27,557)	(26,212)
	Professional fees		(366,049)	(47,912)
	Audit fee*		(60,000)	(69,098)
	Facilitation fee		(150,000)	-
	Miscellaneous expenses		(397,962)	(182,668)
			<u>(1,151,568)</u>	<u>(475,890)</u>
	<b>Total Operating Expenses</b>		<u>(2,528,022)</u>	<u>(3,179,682)</u>

\*The audit fee relates solely to the provision of audit services.

## 5 Directors' Remuneration

The Board determines the fees payable to each Director. The maximum remuneration is USD 75,000 per Director per annum. Directors' fees paid by the Company for the year ended 31 December 2019 were USD150,000 (31 December 2018: USD150,000).

# VIETNAM PHOENIX FUND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT/D)

6 Cash and cash equivalents	31/12/2019	31/12/2018
	USD	USD
Cash and bank balances	24,350,673	273,266
	<u>24,350,673</u>	<u>273,266</u>

All cash and bank balances are held with State Street Custodial Services (Ireland) Limited whose parent State Street Corporation has a Standard & Poor's short-term credit rating of A (31 December 2018: A) and the sub-custodian HSBC Bank (Vietnam) Limited which had a Standard & Poor's short-term rating of AA- as at 31 December 2019 (31 December 2018: AA-).

7 Accounts payable	31/12/2019	31/12/2018
	USD	USD
Accrued Investment Management Fee**	(127,358)	(158,205)
Accrued Performance Fee**	(209)	-
Accrued Other Fees	(151,949)	(115,219)
	<u>(279,516)</u>	<u>(273,424)</u>

\*\*Refer to Note 11 for details.

## 8 Share capital

### Redeemable Participating Shares

On incorporation of the Company on 13 September 2006, the authorised share capital was USD 500,000,000 made up of 500,000,000 shares of a par value of USD 1.00 each, having the rights set out in the Articles. By virtue of an Ordinary Resolution of the Company passed on 19 December 2008 and with the sanction of an Order of the Grand Court of the Cayman Islands dated 31 July 2009, the authorised share capital was amended to USD 10,000,000 made up of 1,000,000,000 shares of a par value of USD 0.01 each. Consequently, and by virtue of a Special Resolution of the Company passed on 19 December 2008 and with the sanction of an Order of the Grand Court of the Cayman Islands dated 31 July 2009, the issued share capital of the Company was reduced from USD 486,931,392 made up of 486,931,392 shares of USD 1.00 each, to USD 4,869,314 made up of 486,931,392 shares of USD 0.01 each.

Following the restructuring of the share capital, which became effective on 1 January 2017, the Company's authorised share capital was amended to USD 10,000,000 made up of 2,000,000,000 shares of a par value of USD 0.005 each. The Directors initially designated three distinct share classes. For every share owned previously, shareholders who opted for the "Continuation Option" received 1 Continuation share (Class A) and 1 Private Equity Share (Class C), while shareholders who opted for the "Realisation Option" received 1 Realisation share (Class B) and 1 Private Equity share (Class C).

Class A shares are open-ended while Class C shares are closed-ended. Class A shares and Class C shares have the same rights in relation to voting, dividends, return of share capital and other matters as set out in the Articles of Association. Class C shares of the Company are listed on Euronext Dublin.

The investment objectives of the Company are disclosed in Note 1. The Company strives to meet its investment objective while maintaining sufficient liquidity.

# VIETNAM PHOENIX FUND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT/D)

### 8 Share capital (cont/d)

#### Redeemable Participating Shares (cont/d)

Share transactions during the year ended 31 December 2019:

	<b>Class A shares</b>	<b>Class C shares</b>
	<b>31/12/2019</b>	<b>31/12/2019</b>
Shares in issue at beginning of year	65,473,195	381,375,002
Shares issued during the year	21,055	-
Shares redeemed during the year	(12,883,993)	(192,118,406)
Shares in issue at end of year	52,610,257	189,256,596
Net Asset Value for holders of shares	USD35,074,386	USD46,403,972
Net Asset Value per share	USD0.6667	USD0.2452

Share transactions during the year ended 31 December 2018:

	<b>Class A shares</b>	<b>Class C shares</b>
	<b>31/12/2018</b>	<b>31/12/2018</b>
Shares in issue at beginning of year	97,870,204	423,750,000
Shares issued during the year	389,824	-
Shares redeemed during the year	(32,786,833)	(42,374,998)
Shares in issue at end of year	65,473,195	381,375,002
Net Asset Value for holders of shares	USD40,446,278	USD128,993,471
Net Asset Value per share	USD0.6178	USD0.3382

The Board's policy is for the Company to maintain a strong capital base so as to maintain investor, creditor and market confidence and to be able to meet liabilities as they fall due. The Board monitors the return on capital, which the Company defines as results from operating activities divided by total shareholders' equity.

### 9 Significant Agreements

#### Custodian

The Company appointed State Street Custodial Services (Ireland) Limited as the Custodian to the Company pursuant to the Custodian Agreement dated 10 November 2006.

The Custodian fees are charged based on the NAV of the Company (not to exceed 18 basis points per annum) on a monthly basis in arrears as defined in the POM. The Custodian will also be entitled to be reimbursed by the Company for all transaction costs attributable to the Company and incurred by the Custodian from time to time and any appropriately incurred third party fees and expenses, including fees of any sub-custodian appointed by the Custodian at market rates.

The Custodian fee payable to the Custodian for the year ended 31 December 2019 was USD 179,856 (31 December 2018: USD 246,578) of which USD 22,712 was outstanding at the year end (31 December 2018: USD 17,046).

#### Administrator

The Company appointed State Street Fund Services (Ireland) Limited as Administrator to the Company pursuant to an agreement dated 10 November 2006. The Administration fee is billed and payable monthly based on the average monthly net assets.

# VIETNAM PHOENIX FUND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT/D)

### 9 Significant Agreements (cont/d)

#### **Administrator (cont/d)**

The current rates for the Administration fee are 9 basis points per annum for the first USD 100 million net assets, 8 basis points per annum for net assets between USD 100 and USD 300 million and 6 basis points per annum for net assets in excess of USD 300 million subject to a minimum monthly charge of USD 8,000 per SPE and a maximum fee of 12 basis points per annum of the NAV of the Company. The Administration fee payable to the Administrator for the year ended 31 December 2019 was USD 156,440 (31 December 2018: USD 221,235) of which USD 16,471 was outstanding at the year end (31 December 2018: USD Nil).

#### **Investment Manager**

The Company appointed Duxton as the Investment Manager pursuant to an agreement dated 29 December 2016 (with an effective date of 1 January 2017).

The Investment Management fees payable in respect of each share class are as follows:

Class A shares: 1.50% per annum of the NAV of the Class A Shares before any deduction of the management fee for that month and before deduction of any accrued performance fee.

Class C shares: 1.00% of the Class C shares NAV for 2018 and 0.50% of the Class C shares NAV for periods after 31 December 2018.

For the year ended 31 December 2019, the Investment Manager earned an investment management fee of USD 1,033,949 (31 December 2017: USD 2,118,578) of which USD 127,358 was outstanding at the year end (31 December 2018: USD 158,205).

#### **Performance Fees**

A performance fee is payable to the Investment Manager. The crystalized performance fee payable to the Investment Manager for the year ended 31 December 2019 in respect of Class A shares was USD 209 (31 December 2018: USD 111,401) of which USD 209 was outstanding at the year end (31 December 2018: USD Nil).

The Company pays performance fees to the Investment Manager calculated by reference to the unaudited accounts of the Company. The calculation period covers the 12 months ended 31 December 2019.

For each performance period, the performance fee in respect of each share class is as follows:

Class A shares: performance fee will be equal to 15% of the appreciation in the NAV in respect of this share class above the High Water Mark ("HWM") but only if such appreciation exceeds the Hurdle Rate of 8% per annum, and will be payable on only the appreciation in the NAV above the HWM.

Class C shares: the Company will distribute any distributable cash flow (the excess of (i) cash and (ii) any amounts that are required to meet future expenses and obligations of the relevant portfolio), by way of a redemption of shares in the following priority and manner:

- a) First, 100% to the shareholders until an amount equal to the NAV in respect of each Class C share as at 1 January 2017 (the "Initial Subscription Date"), (the "Initial NAV") has been paid.
- b) Then, 100% to the shareholders until they have received an 8% annualised compounded return on the total NAV per share of Class C shares as at the Initial Subscription Date, adjusted for any distributions paid to Class C shareholders after the Initial Subscription date (the "Preferred Return").
- c) Then, 100% to the Investment Manager until it has received an amount equal to the Relevant Percentage (as defined below) of the aggregate of the Preferred Return and this catch-up provision; and
- d) Thereafter, the Relevant Percentage to the Investment Manager and the balance to the holders of the Class C shares.

# VIETNAM PHOENIX FUND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT/D)

### **9 Significant Agreements (cont/d)**

#### **Performance Fees (cont/d)**

The aggregate amount distributable to the Investment Manager in accordance with c) and d) above, is referred to as the Performance Fee.

The Relevant Percentage will be 20% if the performance fee in respect of Class C shares is payable during the first year following the Initial Subscription Date, reducing to 15% if it is payable during the second year and 10% if it is payable thereafter.

### **10 Taxation**

There are no taxes on income or gains in the Cayman Islands and the Company has received an undertaking from the Governor in Council of the Cayman Islands, under the Tax Concessions Law (1999 Revision), exempting it from all local income, profits and capital taxes until 26 September 2026. Accordingly, no provision for income taxes payable in the Cayman Islands is included in these financial statements.

Dividend and interest income received by the Company may be subject to withholding tax imposed in the country of origin. The investment income and any associated withholding tax is recorded in the net gain on investments at fair value through profit or loss in the Statement of Comprehensive Income.

The financial statements assume that the tax consequences for the Company as a result of its investments held by the subsidiary companies in Vietnam will be as follows:

#### **Dividends**

The Company will not be subject to any additional corporate income tax in Vietnam on dividends the Group receives from the tax-paid profits of Vietnamese companies. Remittance of the dividends outside of Vietnam is also free of all taxes.

The Company receives dividends net of all taxes.

#### **Interest**

Effective March 1, 2012, non-resident institutional investors are subject to a 5% withholding tax rate on interest income received from corporate and government bonds and certificates of deposit, issued in Vietnam.

#### **Disposals**

The Company and its non-Vietnamese resident subsidiaries are subject to a "deemed profits" tax in Vietnam when the Company's subsidiaries dispose of any listed securities, bonds or fund certificates of its investee companies. This tax is equivalent to 0.1% of the proceeds received from the transfer.

No relief is allowed for transaction costs and no allowance is taken for the cost of investments (i.e. the existence of actual profits is irrelevant). The tax is netted against the realised gains/(losses) as part of the 'net gain on investments at fair value through profit or loss' within the Statement of Comprehensive Income.

For investee companies where the Company invests in the legal/charter capital of limited liability companies or shares in private companies (e.g. certain private equity transactions), the Company will be subject to a "capital assignment" tax on any gain made when the Company sells or transfers this ownership interest or shares to another party. This tax is chargeable at a rate of 20% from 1 January 2016 on the difference between the assignment proceeds and the original value of the assigned capital, less the transaction costs. The original value of the assigned capital is the actual capital amount which has been contributed by the transferor as at the assignment date, as supported by and based on accounting books and documents or the price at which the Company has acquired the shares.

# VIETNAM PHOENIX FUND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT/D)

### 10 Taxation (cont/d)

#### **Deferred Tax**

The deferred tax relates to investments held by the subsidiaries and is therefore disclosed in the Statement of Comprehensive Income in the net gain on investments at fair value through profit or loss and disclosed in the Statement of Financial Position in financial assets at fair value through profit and loss.

The deferred tax position as at 31 December 2019 was USD 1,025,631 (31 December 2018: USD Nil). The movement is reflected in the Statement of Comprehensive Income. This provision is in line with current Vietnamese tax rate of 20% on the deemed fair market value of Anova against original acquisition cost.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the reporting date. Provision is made at the rates expected to apply when the temporary differences reverse.

Temporary differences are differences between the carrying amount of an asset or liability in the Statement of Financial Position and its tax base.

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.

### 11 Related Party Transactions

In accordance with IAS 24 'Related Party Disclosures', the following are the related parties and associated related party transactions of the Company for the year ended 31 December 2019.

#### **Transactions with entities with significant influence;**

For the year ended 31 December 2019, the Investment Manager earned an investment management fee of USD 1,033,949 (31 December 2018: USD 2,118,578) of which USD 127,358 was outstanding at the year end (31 December 2018: USD 158,205). In addition, for that year Duxton also earned a crystalized performance fee of USD 209 (31 December 2018: USD 111,401) of which USD 209 was outstanding at the year end (31 December 2018: USD Nil).

Duxton and its employees hold Class A shares which amount to 0.44% of the share capital of the Company at year end 31 December 2019 (31 December 2018: Class C - 0.45%).

#### **Transactions with key management personnel;**

The total fees earned by the independent Directors during the year was USD 150,000 (2018: USD 150,000).

#### **Transactions with subsidiaries;**

In accordance with the POM and the Articles of Association, the Company may structure any or all of its investments through wholly-owned subsidiaries which act as SPEs incorporated outside Vietnam. These subsidiaries listed in Note 1 are managed by the Board of Directors.

# VIETNAM PHOENIX FUND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT/D)

### 12 Interests in other entities

#### **Investment entity status**

To adopt the amendment to IFRS 10 and to be exempt from preparing consolidated financial statements, the Company must meet the definition of an IE. The Board has determined that the Company meets both the required criteria and typical characteristics of an IE.

The IFRS 12, “Disclosure of Interests in Other Entities”, disclosures relate to the Company’s involvement with:

- a) Unconsolidated special purpose entities as listed in Note 1.
- b) Structured entities interests held via SPEs.
- c) Associated companies interests held via the SPEs.

#### **Interest in unconsolidated IE subsidiary entities**

At 31 December 2019, the Company had seven subsidiary entities as defined under IFRS 10. See Note 1 for details. These seven subsidiary entities are unconsolidated and are noted as financial assets at fair value through profit or loss in the Statement of Financial Position.

#### **Interests in non-subsidiary unconsolidated structured entities**

The Board has concluded that the Company had no directly held unconsolidated structured entities. However, the Company holds all of its investments through wholly owned subsidiary companies which are SPEs incorporated outside of Vietnam. This structured entity interest forms part of the SPEs fair value that is reflected in financial assets at fair value through profit or loss in the Company’s Statement of Financial Position.

#### **Interests in associated companies**

The Company has concluded that it has two investments in associated companies, held via the SPEs. These associated company interests form part of the SPEs fair value that is reflected in the financial assets at fair value through profit or loss in the Company’s Statement of Financial Position. The Investment Manager is represented on the boards of directors of these two associated companies and has therefore determined that the Company holds significant influence over these associated companies.

## VIETNAM PHOENIX FUND LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT/D)

#### 12 Interests in other entities (cont/d)

##### Interests in unconsolidated IE SPEs as at 31 December 2019:

Structured Entity	Nature	Proportion of Ownership Interest Held	Company's holding in Fair Value (USD)	% of Total Financial Assets at Fair Value through Profit or Loss	Maximum exposure to losses (USD)
Epsom Limited	Wholly owned subsidiary	100%	437	-	437
Lionel Hill Limited	Wholly owned subsidiary	100%	20,177,744	34.53	20,177,744
Beira Limited	Wholly owned subsidiary	100%	35,211,000	60.26	35,211,000
Prime Limited	Wholly owned subsidiary	100%	1,515,071	2.59	1,515,071
Siglap Limited	Wholly owned subsidiary	100%	1,478,580	2.53	1,478,580
Hephaestus Limited	Wholly owned subsidiary	100%	50,000	0.09	50,000
<b>Total</b>			<b>58,432,832</b>	<b>100.00%</b>	<b>58,432,832</b>

Of the seven SPEs in operation and listed in Note 1, all with the exception of Kallang Limited were active at year ended 31 December 2019. Furthermore, there are no significant restrictions on the ability of the unconsolidated subsidiaries above to transfer funds or to repay loans or advances made to the unconsolidated subsidiary to the Company and there are no current commitments or intentions to provide financial or other support to the unconsolidated subsidiaries. All SPEs listed in the table above are incorporated in the Cayman Islands, having the purpose of acting as holding investments of the Company in Vietnam.



# VIETNAM PHOENIX FUND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT/D)

### 12 Interests in other entities (cont/d)

#### Interests in unconsolidated IE SPEs as at 31 December 2018:

<b>Structured Entity</b>	<b>Nature</b>	<b>Proportion of Ownership Interest Held</b>	<b>Company's holding in Fair Value (USD)</b>	<b>% of Total Financial Assets at Fair Value through Profit or Loss</b>	<b>Maximum exposure to losses (USD)</b>
Epsom Limited	Wholly owned subsidiary	100%	46,593,770	27.50%	46,593,770
Lionel Hill Limited	Wholly owned subsidiary	100%	21,010,178	12.40%	21,010,178
Beira Limited	Wholly owned subsidiary	100%	40,522,843	23.91%	40,522,843
Prime Limited	Wholly owned subsidiary	100%	6,064,281	3.58%	6,064,281
Siglap Limited	Wholly owned subsidiary	100%	8,416,371	4.97%	8,416,371
Kallang Limited	Wholly owned subsidiary	100%	22,397,998	13.22%	22,397,998
Hephaestus Limited	Wholly owned subsidiary	100%	24,434,466	14.42%	24,434,466
<b>Total</b>			<b>169,439,907</b>	<b>100.00%</b>	<b>169,439,907</b>

## VIETNAM PHOENIX FUND LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT/D)

#### 12 Interests in other entities (cont/d)

##### **Interests in unconsolidated structured entities as at 31 December 2019.**

The structured entity held by the Company as at 31 December 2018 as detailed below, was sold during the year ended 31 December 2019.

##### **Interests in unconsolidated structured entities as at 31 December 2018.**

The table below details the interests in structured entities held by the Company through the SPEs listed in Note 1.

<b>Structured Entity</b>	<b>Strategy</b>	<b>Company's holding in Fair Value (USD)</b>	<b>% of Total Net Assets of Structured Entity held by the Company</b>	<b>% of Total Financial Assets at Fair Value through profit or Loss</b>	<b>Maximum exposure to losses (USD)</b>
Vietnam Enterprise Investments Limited	Listed Equity	2,318,979	0.18%	1.37%	2,318,979
<b>Total</b>		<b>2,318,979</b>		<b>1.37%</b>	<b>2,318,979</b>

## VIETNAM PHOENIX FUND LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT/D)

#### 12 Interests in other entities (cont/d)

##### Interests in associated companies as at 31 December 2019.

The table below details the interests in associated companies held by the Company through the SPEs listed in Note 1.

<b>Associated Company</b>	<b>Nature</b>	<b>Company's holding in Fair Value (USD)</b>	<b>% of Total Net Assets of Associated Company held by the Company</b>	<b>% of Total Financial Assets at Fair Value through Profit or Loss</b>	<b>Maximum exposure to losses (USD)</b>
Anova Corporation	Common stock	9,338,544	7.77%	15.98%	9,338,544
Anova Corporation	Convertible bond	10,483,162	8.64%	17.94%	10,483,162
<b>Total</b>		<b>19,821,706</b>		<b>33.92%</b>	<b>19,821,706</b>

# VIETNAM PHOENIX FUND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT/D)

### 12 Interests in other entities (cont/d)

#### Interests in associated companies as at 31 December 2018.

The table below details the interests in associated companies held by the Company through the SPEs listed in Note 1.

<b>Associated Company</b>	<b>Nature</b>	<b>Company's holding in Fair Value (USD)</b>	<b>% of Total Net Assets of Associated Company held by the Company</b>	<b>% of Total Financial Assets at Fair Value through Profit or Loss</b>	<b>Maximum exposure to losses (USD)</b>
Anova Corporation	Common stock	9,743,114	7.77%	5.75%	9,743,114
Anova Corporation	Convertible bond	11,132,541	8.64%	6.57%	11,132,541
Corbyns International Limited	Convertible loan	22,909,199	33.20%	13.52%	22,909,199
<b>Total</b>		<b>43,784,854</b>		<b>25.84%</b>	<b>43,784,854</b>

# VIETNAM PHOENIX FUND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

### 13 Financial instruments

This note describes the risks associated with the financial assets and liabilities of the Company and also the risks of the underlying portfolio of investments owned by the Company's wholly owned IE subsidiaries.

#### **General Risk Management Process**

As an investment group, the risk management of financial instruments is fundamental to the management of the Company's business. The Company's risk management process is managed by the Investment Manager.

As defined in IFRS 7, "Financial Instruments: Disclosures", risk can be separated into the following components: market risk, credit risk and liquidity risk. Each type of risk is disclosed in turn and qualitative and quantitative analyses are provided where relevant to give shareholders an understanding of the risk management methods used by the Investment Manager.

However, each risk control in place is not always limited to the mitigation of one single, particular risk. Hence, shareholders should place the role of each risk control in the broader context of the overall risk management of the Company.

The total concentration of risk is through the unconsolidated subsidiaries and their underlying investments.

#### **(a) Market risk**

##### **(i) Market price risk**

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and market price risk.

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk which are addressed separately), whether those changes are caused by factors specific to individual financial instruments or its issuer, or other factors affecting similar financial instruments traded in the market.

#### **Objectives, policies and processes for managing market price risk**

The Company undertakes to manage market price risk among the different asset classes by pre-setting monthly asset allocation targets. The monthly asset allocation targets are based on the Investment Manager's projections of the market price risks of the individual financial instruments that the Company holds. In pre-setting allocations, the Investment Manager aims to achieve an optimal weightage of the Company's financial instruments to minimize market price risk, though there is no guarantee this may be achieved.

- Price fluctuations of individual quoted securities and their impact on the Company's estimated profits and losses are estimated and internally published on a daily basis. The Investment Manager adheres to a buy and sell discipline based on the securities' buy and sell target prices, which are determined based on fundamental factors of the underlying investments. In managing price fluctuations of small capitalization, less liquid securities, the Investment Manager may use internal investment guidelines setting typical thresholds in terms of market capitalization, average daily trading value, foreign ownership ratio, and other factors.
- Fluctuations in the valuation of unquoted securities and their impact on the Company's estimated profits and losses are estimated and communicated to shareholders on a quarterly basis. Note the Investment Manager's decision to make any private equity investments taking a long-term view, typically more than 3 years. Therefore, quarterly fluctuations in the valuation of the private equity investments are only for the purpose of client and financial reporting, and not for the purpose of short-term investment decision making.

# VIETNAM PHOENIX FUND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT/D)

### 13 Financial instruments (cont/d)

#### General Risk Management Process (cont/d)

(a) *Market risk (cont/d)*

(i) *Market price risk (cont/d)*

#### Objectives, policies and processes for managing market price risk (cont/d)

For listed equities, the Investment Manager reviews the monthly valuation report provided by the Administrator. Both parties obtain pricing of the securities independently; the Administrator uses Reuters while the Investment Manager uses Bloomberg. The Investment Manager will review and flag if there are any discrepancies. The Administrator will then investigate and confirm final valuations in accordance with the Company's pricing policy.

Investments quoted, listed, traded or dealt in on any stock exchange, commodities exchange or futures exchange (if any) are valued in accordance with the last sale price of the investments sold on the relevant exchange on the day on which the determination is made or, if that is not a trading day, on the last preceding trading day. Interests in open-ended collective investment schemes (if any) are valued at the last bid price published by the managers thereof.

For the unlisted private equity portfolio, GT is engaged to perform independent valuations on the PE investments to assist the Board of Directors in the determination of the NAV. The Investment Manager reviews the valuation report provided and queries any unusual results before forwarding to the Board of Directors for approval prior to releasing it to the Administrator for incorporation into the NAV.

The Company is exposed to inflation risk.

The asset class exposure as at 31 December 2019 and 31 December 2018 were as follows:

	31 December 2019		31 December 2018	
	USD	%Total Assets	USD	%Total Assets
<b>Asset Class Exposure:</b>				
<i>Financial assets and liabilities at fair value through profit or loss:*</i>				
Listed Equities	32,018,528	38.69%	62,718,355	36.96%
Unlisted Equities	12,105,099	14.62%	63,882,131	37.64%
Convertible Bonds	10,483,162	12.66%	14,116,934	8.32%
Convertible Loan	-	-	22,909,199	13.50%
Cash and cash equivalents	3,565,470	4.31%	4,614,559	2.72%
Other assets	260,573	0.31%	1,198,729	0.70%
Net Financial assets and liabilities at fair value through profit or loss	58,432,832	70.59%	169,439,907	99.84%
<b>Financial assets at amortised cost</b>				
Cash and cash equivalents	24,350,673	29.41%	273,266	0.16%
	24,350,673	29.41%	273,266	0.16%
<b>Total Assets</b>	<b>82,783,505</b>	<b>100.00%</b>	<b>169,713,173</b>	<b>100.00%</b>

\*The exposures noted are those arising in the Company's subsidiaries that have been measured at fair value through profit or loss.

# VIETNAM PHOENIX FUND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT/D)

### 13 Financial instruments (cont/d)

#### General Risk Management Process (cont/d)

##### (a) Market risk (cont/d)

##### (i) Market price risk (cont/d)

#### Objectives, policies and processes for managing market price risk (cont/d)

The Investment Manager estimates the reasonably possible market price fluctuations for equity investments being a 10% sensitivity on an individual investment basis, barring black swan events.

The Investment Manager is of the opinion that a +/- 10% price change in determining the sensitivity analysis is a reasonably possible change across all diverse asset classes. For 2019, the annualized volatility of the VNIndex of the Ho Chi Minh Stock Exchange, calculated using monthly returns, was 9.25%, reasonably close to the 10% change adopted in determining the sensitivity analysis.

The table below sets out the effect on the Company's profit or loss and net assets of a reasonably possible strengthening in the individual equity market prices of 10% at 31 December 2019 and 2018.

The analysis assumes that all other variables, in particular interest and foreign currency rates remain constant.

<i>Effect in USD:</i>	<b>2019 USD</b>	<b>2018 USD</b>
Net impact on profit or loss and net assets	4,412,363	12,660,050

#### *Effect in % of net assets:*

Net impact on profit or loss and net assets	5.42%	7.47%
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The industry sector breakdown (for listed and unlisted equities) as at 31 December 2019 is detailed below.

<b>Sector</b>	<b>31 December 2019</b>		<b>31 December 2018</b>	
	<b>Class A</b>	<b>Class C</b>	<b>Class A</b>	<b>Class C</b>
Industrials	-	-	-	38%
Materials	8%	-	9%	27%
Consumer Staples	23%	-	27%	-
Real Estate Developers and Construction Services	26%	6%	26%	12%
Information Technology	12%	6%	11%	5%
Financials	12%	-	15%	-
Healthcare	-	88%	-	17%
Consumer Discretionary	13%	-	6%	-
Marine Shipping	-	-	-	1%
Energy	6%	-	6%	-
Total	100%	100%	100%	100%

##### (ii) Currency risk

Currency risk is defined in IFRS 7 as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. This risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. For the purposes of IFRS 7, currency risk is ordinarily defined to include monetary items only, such that it therefore excludes non-monetary foreign currency financial instruments. However, as the Company fair values all its non-monetary financial instruments, all such assets have been included hereunder for the purpose of currency risk exposure analysis.

# VIETNAM PHOENIX FUND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT/D)

### 13 Financial instruments (cont/d)

#### General Risk Management Process (cont/d)

##### (a) Market risk (cont/d)

##### (ii) Currency risk (cont/d)

Under the Company's investment objective, there is no explicit intention of performance returns through currency gains and the Company does not seek to speculate in currencies as one of its investment objectives. The Investment Manager has also taken the view not to actively hedge the Vietnamese Dong ("VND") against the USD, the two main currencies held by the Company, as VND is often required for investments into Vietnamese-related securities that require payment in the local currency. Therefore, the Investment Manager sees no circumstances where it may deem it necessary to hedge the exposure to currency risk. A currency risk policy is therefore not in place in the management of the Company.

As such, the two main currencies held by the Company are the US Dollar ("USD") (the functional currency of the Company) and the VND (which is required for investments into Vietnam that require payment in the local currency). However, on occasion, the Company may hold financial instruments denominated in a currency other than the USD or VND as a consequence of buying securities that are listed on a non-Vietnamese exchange and which are thus denominated in a currency other than USD or VND. When selling these offshore equities which are denominated in the offshore country's base the Company may from time to time hold cash that is denominated in a currency other than USD and VND. Under such circumstances, the Investment Manager, on a best effort's basis, will either buy other offshore equities denominated in the offshore country's base currency or repatriate the amount held in the offshore country's base currency into either USD or VND as soon as possible. There are internal controls in place to ensure that the Company adheres to this policy. The Investment Manager has also taken the view not to actively hedge the VND against the USD as VND is often needed for investments into Vietnamese-related securities that require payment in local currency.

In summary, the Company's exposure to currency risk is continually monitored by the Investment Manager and hedging against such a risk will be entirely at the Investment Manager's discretion.

The table below sets out the Company's exposure to currency risk. There is no currency risk attached to the other assets and liabilities in the Company's financial statements as these are held in the Company's functional currency.

	31 December 2019			31 December 2018		
	Assets	Liabilities	Net Assets	Assets	Liabilities	Net Assets
	USD	USD	USD	USD	USD	USD
Monetary:						
USD	24,605,623	(1,455,147)	23,150,476	26,989,134	(273,424)	26,715,710
VND	14,204,255	-	14,204,255	16,123,553	-	16,123,553
Non-Monetary:						
VND	44,123,627	-	44,123,627	124,281,507	-	124,281,507
GBP	-	-	-	2,318,979	-	2,318,979
Total	82,933,505	(1,455,147)	81,478,358	169,713,173	(273,424)	169,439,749

The Investment Manager estimates that a reasonably possible strengthening of the USD in relation to the other currencies is 5%.

The table below sets out the effect on the Company's profit or loss and net assets of a reasonably possible strengthening of the USD in relation to the other currencies by 5% at 31 December 2019 and 2018. This analysis assumes that all other variables, in particular interest rates, remain constant:



# VIETNAM PHOENIX FUND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT/D)

### 13 Financial instruments (cont/d)

#### General Risk Management Process (cont/d)

##### (a) Market risk (cont/d)

##### (ii) Currency risk (cont/d)

<i>Effect in USD:</i>	<b>2019 USD</b>	<b>2018 USD</b>
Net impact on profit or loss and net assets	2,777,518	6,796,383
<i>Effect in % of net assets:</i>	3.41%	4.01%

##### (iii) Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This risk arises on financial instruments whose fair value or future cash flows are affected by changes in interest rates. The Company is exposed to interest rate risk through the fixed income portion of its assets. The management of such risks is described below.

The following table details the Company's exposure to interest rate risk at year end. It includes the Company's financial assets and trading liabilities, categorised by the earlier of contractual re-pricing or maturity date measured by the carrying value of the assets and liabilities:

#### 31 December 2019:

	<b>Maturity Date less than 1 year USD</b>	<b>Maturity Date 1 to 5 years USD</b>	<b>Maturity Date over 5 years USD</b>	<b>Non-Interest Bearing USD</b>	<b>Total Carrying Value USD</b>
<i>Financial assets and liabilities at fair value through profit or loss:</i>					
Equities	-	-	-	44,123,627	44,123,627
Bonds	10,483,162	-	-	-	10,483,162
Cash and cash equivalents	3,565,470	-	-	-	3,565,470
Other Assets	-	-	-	260,573	260,573
<b>Net financial assets at fair value through profit or loss</b>	<b>14,048,632</b>	<b>-</b>	<b>-</b>	<b>44,384,200</b>	<b>58,432,832</b>
<i>Financial assets and liabilities at amortised cost</i>					
Cash and cash equivalents	24,350,673	-	-	-	24,350,673
Deferred Tax	-	-	-	(1,025,631)	(1,025,631)
Other Liabilities	-	-	-	(279,516)	(279,516)
<b>Net financial assets and liabilities at amortised cost</b>	<b>24,350,673</b>	<b>-</b>	<b>-</b>	<b>(1,305,147)</b>	<b>23,045,526</b>
<b>Total Net Assets</b>	<b>38,399,305</b>	<b>-</b>	<b>-</b>	<b>43,079,053</b>	<b>81,478,358</b>

# VIETNAM PHOENIX FUND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT/D)

### 13 Financial instruments (cont/d)

#### General Risk Management Process (cont/d)

(a) *Market risk (cont/d)*

(iii) *Interest rate risk (cont/d)*

**31 December 2018:**

	Maturity Date less than 1 year USD	Maturity Date 1 to 5 years USD	Maturity Date over 5 years USD	Non-Interest Bearing USD	Total Carrying Value USD
<i>Financial assets and liabilities at fair value through profit or loss:</i>					
Equities	-	-	-	126,600,486	126,600,486
Bonds	11,132,541	2,984,393	-	-	14,116,934
Convertible loan	22,909,199	-	-	-	22,909,199
Cash and cash equivalents	4,614,559	-	-	-	4,614,559
Other assets	-	-	-	1,198,729	1,198,729
<b>Net financial assets at fair value through profit or loss</b>	<b>38,656,299</b>	<b>2,984,393</b>	<b>-</b>	<b>127,799,215</b>	<b>169,439,907</b>
<i>Financial assets and liabilities at amortised cost:</i>					
Cash and cash equivalents	273,266	-	-	-	273,266
Other Liabilities	-	-	-	(273,424)	(273,424)
<b>Net financial assets at amortised cost</b>	<b>273,266</b>	<b>-</b>	<b>-</b>	<b>(273,424)</b>	<b>(158)</b>
<b>Total Net Assets</b>	<b>38,929,565</b>	<b>2,984,393</b>	<b>-</b>	<b>127,525,791</b>	<b>169,439,749</b>

#### VND-denominated bond portfolio

As at 31 December 2019 the VND denominated bond portfolio comprised of an unlisted convertible bond issued by Anova Corporation (31 December 2018: Anova Corporation and NBB Investment Corporation) which is not rated by Standard & Poor's. The associated risks and sensitivities are detailed in Note 14 and are therefore not included in the sensitivity analysis below.

#### Convertible loan

The Company's convertible loan with Corbyns International Limited matured during year ended 31 December 2019. As at 31 December 2018 the Company held this convertible loan, with a maturity date of 30 September 2019 and interest rate of 10% per annum.

#### Cash and cash equivalents

At 31 December 2019, if the market interest rates had increased by 1% with all other variables remaining constant, the net assets attributable to holders of redeemable participating shares would have increased by USD279,161 (31 December 2018: USD48,878). As market interest rates at year-end were less than 1%, a decrease of a full 1% on cash and bank balances is theoretically not possible.

#### (b) *Credit Risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk and issuer risk. In relation to the Company, it can arise from receivables due from another party, placing deposits with other entities, purchases of debt securities and entering into derivative contracts. As at year end 31 December 2019 and 31 December 2018, there were no derivative contracts held by the Company.

# VIETNAM PHOENIX FUND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT/D)

### 13 Financial instruments (cont/d)

#### **General Risk Management Process (cont/d)**

##### *b) Credit Risk (cont/d)*

##### **Counterparty Risk**

For counterparty risk, the Investment Manager requires that any use of brokers be approved by its Chief Investment Officer and Chief Operating Officer. Documents reviewed when considering whether a broker will be admitted as an approved broker include (i) latest audited accounts or annual report of the entity where the Investment Manager or its clients will have exposure to the broker as a counterparty, (ii) brief profile of the company (e.g. main activities, geographic/markets coverage), (iii) copy of corporate structure including shareholdings (where broker is to be used as a counterparty) and (iv) letter of undertaking from parent company, if applicable. Upon approval, operations will inform the dealer and Investment Manager accordingly, including the limits allocated to the brokers.

##### **Issuer Risk**

Issuer risk is associated with transacting in exchange traded debt securities and is monitored by use of credit ratings. For funds investing in debt securities, the investment objectives provide details of the credit rating restrictions imposed on that fund.

In managing credit risk, the Investment Manager observes the following investment restrictions and requirements, as set out in the POM:

(a) No more than 20 per cent of the share class portfolio of the Company may be invested in the securities of a single issuer or may be exposed to the creditworthiness or solvency of any one counterparty except where the investment is in securities issued or guaranteed by a government agency or issue of any member state, its regional or local authorities or an OECD member state;

(b) No more than 40 per cent of the share class portfolio of the Company may be invested in another single fund and the Investment Manager will undertake to monitor the underlying investments to ensure that, in aggregate, the investment restrictions set out above are complied with. No more than 20 per cent, in aggregate, of the value of the share class portfolio of the Company will be invested in other funds whose principal investment objectives include investing in other funds.

In addressing issuer risk, financial institutions outside of Vietnam must have a minimum short-term credit rating of Prime-1 (Moody) / A-1 (Standard & Poor) / F-1 (Fitch Ratings). Such deposit instruments may include money-market funds or fixed income instruments with a term of less than 3 months provided that the instrument has a credit rating of 'A' or above. For the purpose of this paragraph, a credit rating of 'A' refers to the credit rating allotted by Standard & Poor's. For instruments with no credit ratings available, the Company monitors the credit risk and credit spreads on a regular basis.

Note 13(a)(iii) and Note 14 provide further details on the risks and sensitivities associated with the listed and unlisted fixed income instruments respectively.

As at 31 December 2019, all of the assets (other than its assets located in Vietnam or assets located in any other jurisdictions which require assets to be held by a local custodian, pursuant to the Custodian Agreement) of the Company are held by the custodian. Bankruptcy or insolvency of the Custodian may cause the Company's rights with respect to securities held by the Custodian to be delayed or limited. The Company monitors its risk by monitoring the credit rating and financial positions of the Custodian and by monitoring the credit rating of its sub-custodian, HSBC Bank (Vietnam) Limited.

# VIETNAM PHOENIX FUND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT/D)

### 13 Financial instruments (cont/d)

#### General Risk Management Process (cont/d)

##### *b) Credit Risk (cont/d)*

##### Issuer Risk (cont/d)

The carrying amounts of financial assets set out in the table below best represent the maximum credit risk exposure at the date of the Statement of Financial Position. Other assets included in the table below consist of amounts due to the Company for unsettled trades, are current in nature and are expected to be recovered in the short term.

No collateral was received by the Company in respect of investments in debt securities, for the years ended 31 December 2019 and 31 December 2018.

	31 December 2019	31 December 2018
	USD	USD
Investment in Debt Instruments	10,483,162	37,026,133
Cash & Cash Equivalents	27,916,143	4,887,825
Interest & Other Receivables	410,573	1,198,729
	<u>38,809,878</u>	<u>43,112,687</u>

##### *(c) Liquidity Risk*

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

The Company holds sufficient cash at all times to meet its obligations to cover operating expenses. To prevent significant exposure to financial liabilities in an underlying holding, the Company is not permitted to acquire an interest in an investment which exposes the Company to unlimited liability.

As at year end 31 December 2019 and 31 December 2018, there was no net exposure arising through the Company's holdings in its subsidiaries as current assets in the subsidiaries exceed current liabilities.

The Investment Manager's policy of managing the liquidity of the Company's investments is as follows:

The Class A Shares are redeemable monthly at the option of the shareholders. The majority of Class A Shares portfolio are liquid listed securities. Any Class A Share redemption notice must be received at least 30 business days prior to the relevant redemption date and the payment date is generally within 20 days of the relevant redemption date. Therefore, the Investment Manager has approximately 50 days to liquidate assets to satisfy any redemption requests, which the Investment Manager expects to be sufficient under normal market conditions. The Company could limit the ability of the shareholder to redeem from Class A if required.

Only the Class C portfolio holds illiquid Level 3 assets. As this share class is closed to share redemptions (other than those declared by the Company), no liquidity issues arise for this share class with regard to redemptions.

#### **Risk management controls for Financial Instruments**

The following paragraphs describe the risk controls taken to manage the risk levels of each of the financial instruments stated below:

# VIETNAM PHOENIX FUND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT/D)

### 13 Financial instruments (cont/d)

#### General Risk Management Process (cont/d)

##### *(c) Liquidity Risk (cont/d)*

##### **1. Cash & Cash Equivalents**

The Company's investments in Vietnam are in securities that are denominated in VND. Therefore, a significant cash portion of the Company is held in VND.

The VND is held in bank accounts with HSBC Bank (Vietnam) Limited, as sub-custodian. The Company may seek to hedge against a decline in the value of the Company's assets resulting from currency depreciation but only if and when suitable hedging instruments are available on a timely basis and on terms acceptable to the Investment Manager. 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. The Investment Manager has taken the view not to actively hedge the VND against the USD as VND is often needed for investments into Vietnamese-related securities that require payment in the local currency.

The Company may hold up to 100 per cent of its assets in cash at any time at the sole discretion of the Investment Manager.

##### **2. Equities**

##### **a. Listed Equities**

Listed equities are exposed to market price risks. The Investment Manager has adopted a prudent approach in building Company exposure to the broader Vietnamese markets to minimise such risks. The Company's exposure to market price risk at 31 December 2019 is equivalent to the fair values of underlying investments held by subsidiaries. The value of listed equities as at 31 December 2019 was USD 32,018,528 (39.30% of NAV), 31 December 2018: USD 62,718,355 (36.96% of NAV).

To manage risk in the listed equities portion of the portfolio, the Company observes the condition that no more than 20 per cent of the gross assets of the Company may be invested in the securities of a single issuer or may be exposed to the creditworthiness or solvency of any one counterparty except where the investment is in securities issued or guaranteed by a government agency or instrumentality of any member state, its regional or local authorities or an OECD member state.

No more than 25 per cent of outstanding market capitalisation/shares of any issuer may be owned by the Company.

##### **b. Unlisted Equities**

In the "unlisted equities" portion of the Company's investment portfolio held by subsidiaries, the Company is exposed to liquidity risk. The Company endeavors to minimise liquidity risk by only investing in unlisted companies with profitable track record that have plans to list on a stock exchange (either domestically or regionally) within a 2-3 year time frame. However, there is no guarantee that a stock exchange will provide liquidity for the Company's investment in unlisted companies.

The Company may have to resell its investments 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. The value of unlisted equities held by subsidiaries as at 31 December 2019 was USD 12,105,099 (14.86% of NAV), 31 December 2018 was USD 63,882,131 (37.70% of NAV). The Investment Manager's 'unlisted investments' team seeks to mitigate risk by conducting the appropriate due diligence on the unlisted companies the Company invests in.

# VIETNAM PHOENIX FUND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT/D)

### 13 Financial instruments (cont/d)

#### General Risk Management Process (cont/d)

##### (c) Liquidity Risk (cont/d)

#### 2. Equities (cont/d)

##### a. Unlisted Equities (cont/d)

This includes on-site due diligence at the offices of the unlisted companies it invested in together with interview of the management. In some instances, external research parties may be hired to conduct due diligence on the unlisted companies. However, shareholders should bear in mind that good due diligence may be difficult to achieve in some contexts, especially where limited information is publicly available.

As the Company is likely to be a minority shareholder in any unlisted company in which it invested, the Company will endeavor in appropriate situations to obtain suitable minority shareholder protection by way of a shareholders' agreement and/or observer rights on boards, where possible. However, the Company may not succeed in obtaining such protection and even where the Company obtains such shareholders' agreement or board representation, they may only offer limited protection.

No more than 25 per cent of outstanding market capitalisation / shares of any issuer may be owned by the Company.

Note 12 details the Company's interests in associated companies. These associated companies are entities over whose financial and operating policies the Company has the ability to exercise significant influence.

#### 3. Other Liabilities

Other liabilities comprise purchases of investments awaiting settlement and fund expense accruals, all of which are payable within one month of transaction date. To manage the associated liquidity risk, the Investment Manager regularly monitors the level of these short term liabilities and maintains a cash balance sufficient to meet these liabilities as their settlement dates fall due.

The table below analyses the Company's non-derivative financial liabilities into the relevant maturity grouping based on the remaining period at 31 December 2019 and 31 December 2018 to the contractual maturity date. Accounts payable are detailed in Note 7.

31 December 2019	Within 1 month USD	Between 1 month and 1 year USD	Total USD
Accounts payable	(279,516)	-	(279,516)
Deferred Tax	(1,025,631)		(1,025,631)
Shareholders' equity	-	(81,478,358)	(81,478,358)
Total			(82,783,505)

31 December 2018	Within 1 month USD	Between 1 month and 1 year USD	Total USD
Accounts payable	(273,424)	-	(273,424)
Shareholders' equity	-	(169,439,749)	(169,439,749)
Total			(169,713,173)

# VIETNAM PHOENIX FUND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT/D)

### 13 Financial instruments (cont/d)

#### General Risk Management Process (cont/d)

##### *(d) Operational Risk*

‘Operational risk’ is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company’s activities with financial instruments, either internally within the Company or externally at the Company’s service providers, and from external factors other than credit, market and liquidity risk such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior.

The Company’s objective is to manage operational risk so as to balance the limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to shareholders.

The primary responsibility for the development and implementation of controls over operational risk rests with the Board. This responsibility supported by the development of overall standards for the management of operational risk, which encompasses the controls and processes at the service providers and the establishment of service levels with the service providers, in the following areas:

- Documentation of controls and procedures;
- Requirements for:
  - the appropriate segregation of duties between various functions, roles and responsibilities;
  - the reconciliation and monitoring of transactions; and
  - the periodic assessment of operational risk
- The adequacy of controls and procedures to address the risk identified;
- Compliance with regulatory and other legal requirements;
- Development of contingency plans;
- Training and professional development;
- Ethical and business standards; and
- Risk mitigation, including insurance if this is effective.

The Board’s assessment of the adequacy of the controls and processes in place at the service providers with respect to operational risk is carried out via regular and ad hoc discussions with the service providers and a review of the service providers’ Service Organisation Controls (SOC) reports on internal controls.

Substantially all the assets of the Company are held by the custodian. The bankruptcy or insolvency of the Custodian may cause the Company’s rights with respect to the securities held by the Custodian to be limited. The Investment Manager monitors the credit ratings and capital activity of the Custodian through the review of the SOC report on the internal controls annually.

#### **COVID-19**

Since the start of January 2020, global financial markets have been monitoring and reacting to the spread of the COVID-19 virus. The weakening of economic activity as a result of this global pandemic and the related market reaction may have an impact on certain assets in the Company. The Investment Manager continues to monitor the impact of COVID-19 on the Company’s portfolio and will be actively taking investment decisions where necessary.

# VIETNAM PHOENIX FUND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT/D)

### 13 Financial instruments (cont/d)

#### General Risk Management Process (cont/d)

##### *Other general risk management procedures*

The Company will not:

- (a) Acquire an interest in an investment which exposes the Company to unlimited liability;
- (b) Make any investments on margin unless to meet the requirements of settlement; or
- (c) Undertake any short-selling;

### 14 Fair Value Information and Hierarchy

This note describes the fair value measurement of the assets and liabilities of the Company and also the assets and liabilities the Company's SPEs.

IFRS 13, "Fair value measurement", requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

"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.

The fair value hierarchy has the following levels:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted prices for identical or similar instruments in markets that are considered less than active including securities priced using quotations received from brokers, whenever available and considered reliable; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation and instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.



# VIETNAM PHOENIX FUND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT/D)

### 14 Fair Value Information and Hierarchy (cont/d)

The following table analyses the fair value hierarchy within the Company's financial instruments measured at fair value at 31 December 2019:

<b>Financial assets and liabilities at fair value through profit or loss</b>	<b>Level 1 USD</b>	<b>Level 2 USD</b>	<b>Level 3 USD</b>	<b>Total Fair Value USD</b>
Listed Equities	32,018,528	-	-	32,018,528
Unlisted Equities	-	-	12,105,099	12,105,099
Convertible Bonds	-	-	10,483,162	10,483,162
<b>Total</b>	<b>32,018,528</b>	<b>-</b>	<b>22,588,261</b>	<b>54,606,789</b>
Cash and cash equivalents	3,565,470	-	-	3,565,470
Other assets	-	260,573	-	260,573
<b>Net financial assets at fair value through profit or loss</b>	<b>35,583,998</b>	<b>260,573</b>	<b>22,588,261</b>	<b>58,432,832</b>
<b>Financial assets and liabilities at amortised cost</b>				
Cash and cash equivalents	24,350,673	-	-	24,350,673
Deferred taxation	-	(1,025,631)	-	(1,025,631)
Other liabilities	-	(279,516)	-	(279,516)
<b>Net financial assets at amortised cost</b>	<b>24,350,673</b>	<b>(1,305,147)</b>	<b>-</b>	<b>23,045,526</b>
<b>Total net assets</b>	<b>59,934,671</b>	<b>(1,044,574)</b>	<b>22,588,261</b>	<b>81,478,358</b>

The Company's unconsolidated subsidiary undertakings (if any) are categorized as Level 3 as their prices are not quoted but their values are measured on the fair value of the underlying investments and other assets and liabilities including the deferred tax provision, held by these subsidiaries.

The following table analyses the fair value hierarchy within the Company's financial instruments measured at fair value at 31 December 2018:

<b>Financial assets and liabilities at fair value through profit or loss</b>	<b>Level 1 USD</b>	<b>Level 2 USD</b>	<b>Level 3 USD</b>	<b>Total Fair Value USD</b>
Listed Equities	62,718,355	-	-	62,718,355
Unlisted Equities	-	-	63,882,131	63,882,131
Convertible Bonds	-	-	14,116,934	14,116,934
Convertible Loan	-	-	22,909,199	22,909,199
<b>Total</b>	<b>62,718,355</b>	<b>-</b>	<b>100,908,264</b>	<b>163,626,619</b>
Cash and cash equivalents	4,614,559	-	-	4,614,559
Other assets	-	1,198,729	-	1,198,729
<b>Net financial assets at fair value through profit or loss</b>	<b>67,332,914</b>	<b>1,198,729</b>	<b>100,908,264</b>	<b>169,439,907</b>
<b>Financial assets and liabilities at amortised cost</b>				
Cash and cash equivalents	273,266	-	-	273,266
Other liabilities	-	(273,424)	-	(273,424)
<b>Net financial assets at amortised cost</b>	<b>273,266</b>	<b>(273,424)</b>	<b>-</b>	<b>(158)</b>
<b>Total net assets</b>	<b>67,606,180</b>	<b>925,305</b>	<b>100,908,264</b>	<b>169,439,749</b>

# VIETNAM PHOENIX FUND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT/D)

### 14 Fair Value Information and Hierarchy (cont/d)

Transfers between levels of the fair value hierarchy are deemed to have occurred when the pricing source or methodology used to price an investment has changed which triggers a change in level as defined under IFRS 13. There were no transfers between the fair value hierarchy levels during the financial year ended 31 December 2019 and during the financial year ended 31 December 2018.

#### Level 3 Reconciliation

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 during the year ended 31 December 2019:

	<b>Listed &amp;Unlisted Equities USD</b>	<b>Convertible Bonds USD</b>	<b>Convertible Loan USD</b>	<b>Total USD</b>
Opening Balance	63,882,131	14,116,934	22,909,199	100,908,264
Realised gains/(losses)	10,111,651	(87,753)	2,350,000	12,373,898
Unrealised losses	(28,209,016)	(1,291,591)	(10,259,199)	(39,759,806)
Purchases	-	-	-	-
Sales	(33,679,667)	(2,254,428)	(15,000,000)	(50,934,095)
Transfers out of Level 3	-	-	-	-
Transfers into Level 3	-	-	-	-
<b>Closing Balance</b>	<b>12,105,099</b>	<b>10,483,162</b>	<b>-</b>	<b>22,588,261</b>

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 during the year ended 31 December 2018:

	<b>Listed &amp;Unlisted Equities USD</b>	<b>Convertible Bonds USD</b>	<b>Convertible Loan USD</b>	<b>Total USD</b>
Opening Balance	56,324,157	12,575,424	22,315,851	91,215,432
Realised losses	-	-	-	-
Unrealised gains	4,171,398	1,541,510	143,348	5,856,256
Purchases	3,386,576	-	450,000	3,836,576
Sales	-	-	-	-
Transfers out of Level 3	-	-	-	-
Transfers into Level 3	-	-	-	-
<b>Closing Balance</b>	<b>63,882,131</b>	<b>14,116,934</b>	<b>22,909,199</b>	<b>100,908,264</b>

The realised gains and losses and the movement in unrealised gains and losses are recognised in the Statement of Comprehensive Income as a net gain on investments at fair value through profit or loss.

As at 31 December 2019, the Company held investments in three private companies in the form of a combination of illiquid common stock and a convertible bond which are categorized as Level 3 investments under IFRS 13. The companies listed hereunder are valued in accordance with the Company's Articles of Association (Article 101(d)(v)) on the basis of 31 December 2019 valuations provided by GT as at 31 December 2019, which are based on information relating to these companies provided by the Investment Manager and approved by the Board.

# VIETNAM PHOENIX FUND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT/D)

### 14 Fair Value Information and Hierarchy (cont/d)

#### **Sensitivity analysis of unlisted positions**

Anova Corporation	– Convertible Bond & Equity Position
S.S.G. Group Joint Stock Company	– Equity Position
VTC Online Joint Stock Company	– Equity Position

The Directors have engaged GT to provide independent valuations updated on a semi-annual basis for the Company's Class C investment portfolio of Anova Corporation ("Anova"), S.S.G. Group Joint Stock Company ("SSGA") and VTC Online Joint Stock Company ("VTC").

#### **Anova**

The Company's subsidiary Lionel Hill Limited has an investment in Anova which is carried in the Company's Statement of Financial Position at USD 19,821,707 as at 31 December 2019. The Company owns 16.41% (fully diluted) in Anova via ordinary shares valued at USD 9,338,544, as well as convertible bond valued at USD 10,483,163 as of 31 December 2019. GT's valuation of the Company's investments in Anova as at 31 December 2019, was based on unaudited financial information as at 30 September 2019. In addition, in determining this valuation, certain key financial information associated with the underlying companies within the Anova Group were not available, and hence were not reflected in the valuation. Due to the uncertainties noted above and due to the lack of financial information for Anova as at 31 December 2019, the auditors were unable to obtain sufficient appropriate audit evidence about the fair value of the investment in Anova.

Up to the approval of the Company's financial statements it is noted that Anova's FY 2019 audited report has not been made available.

A potential investor has submitted a non-binding bid for the Company's stake in Anova and is currently conducting due diligence on the company. The due diligence process is expected to be completed by May 2020 with the deal expected to conclude by end quarter 2, 2020.

#### **SSGA**

The Company's subsidiary Siglap Limited has an investment in SSGA which is carried in the Company's Statement of Financial Position at USD 1,256,144 as at 31 December 2019. The Company owns 1.1% of the ordinary shares in SSGA. The valuation of the Company's investments in SSGA at 31 December 2019, was based on SSGA's financial year 2018 audited financial information. The auditors were unable to obtain sufficient appropriate audit evidence about the fair value of the investment in SSGA.

Up to the approval of the Company's financial statements it is noted that SSGA's financial year 2019 audited report is not available.

The Company is currently negotiating with SSGA on a potential share-buyback.

#### **VTC**

The Company's subsidiary Prime Limited has an investment in VTC which is carried in the Company's Statement of Financial Position at USD 1,510,411 as at 31 December 2019. The Company owns 19.5% of the ordinary shares in VTC with an option to sell the shares back to VTC. Pursuant to the Share Purchase Agreement dated 22 June 2012 (the "SPA"), on 20 September 2018 the Company exercised the put option by sending a notice of repurchase to VTC. The repurchase price was based on the terms of the SPA. There is currently no trading market for the ordinary shares. As of 31 December 2019, the Company's position in VTC Online was valued at USD 1.5 million. Due to various uncertainties surrounding the availability of funding within VTC and the lack of audited financial statements, it is difficult for the auditors to assess the impact on the recoverability of the Company's investment in VTC and consequently the carrying amount within the Company's Statement of Financial Position of USD 1,510,411 as at 31 December 2019.

Up to the approval of the Company's financial statements, it is noted that VTC has not settled the liability arising as a result of the Company exercising its put option.

The Company is concluding the deal to divest its stake to a potential investor.

# VIETNAM PHOENIX FUND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT/D)

### 14 Fair Value Information and Hierarchy (cont/d)

#### **Valuation of Equity Positions (Anova, VTC and SSGA)**

In undertaking the valuation of equity investments, the market approach has been applied, specifically the comparable company analysis; and also the income approach, specifically the discounted cash flow method. In the market approach, a basket of listed comparable companies were selected and the median of their multiples calculated. This median multiple was then used to calculate the equity value of each investment. In the discounted cash flow method, the key unobservable inputs are the discount rate and the growth rate. In the valuation of the VTC position, GT has also taken account of the offer price from VTC to repurchase the shares.

The range of assumptions used for the base case valuations are as follows:

#### **31 December 2019:**

- Discount rate: 11.17% to 12.34%
- Growth rate: 2%
- EV/EBITDA multiple: 1.15x to 8.61x

#### **31 December 2018:**

- Discount rate: 11.72% to 11.98%
- Growth rate: 2%
- EV/EBITDA multiple: 8.22x to 13.27x

In the sensitivity analysis, to calculate the equity value in the best/worst case scenarios, the following variances to the input variables have been applied where applicable to each position:

#### **31 December 2019:**

- Changes in the discount rate: +/- 5%
- Changes in the growth rate: +/- 0%
- Changes in EV/EBITDA multiple: +/-5%

#### **31 December 2018:**

- Changes in the discount rate: +/- 5%
- Changes in the growth rate: +/- 0%
- Changes in EV/EBITDA multiple: +/-5%

#### **Valuation of Convertible Bond Position Valuation (Anova)**

The convertible bond carries with it a straight loan and an equity conversion option. As such valuation of convertible bond includes valuation of a straight bond and valuation of the option.

- The value of straight bond component is based on discounted cash flow method, where cash flows include principal and coupons, assumed to be paid at maturity date and discounted to present value at the current market lending rate. The key unobservable input is the discount rate.
- Value of equity conversion option component is determined using option pricing model - the Black-Scholes model. The key unobservable input is the volatility of the underlying stock price.
- For the purpose of input into an Option pricing model, valuation of the underlying equity is also performed, i.e. equity value of the Company, using market approach and discounted cash flow method, based on financial forecasts of the underlying business.

The range of assumptions used for the base case valuation is as follows:

#### **31 December 2019:**

- Standard deviation of stock return: 37.96% - Sensitivity: +/-10%

#### **31 December 2018:**

- Volatility: 37.13% to 39.50% - Sensitivity: +/-10%

# VIETNAM PHOENIX FUND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT/D)

### 14 Fair Value Information and Hierarchy (cont/d)

#### Summary of valuation methodologies

The valuation methodologies for each Level 3 holding as at 31 December 2019 are set out hereunder:

Anova: income approach and market approach for equity and Black-Scholes model for convertible bond.

VTC: value from exercising the put option to sell the shares back to the company, together with the offer price from VTC to repurchase the shares.

SSGA: income approach to value SSG's investment in subsidiaries & associates, and market approach for equity.

#### Valuation Conclusion

Based on the information and financial data provided, market information, as well as the analysis, risks and disclaimer provided by GT, the estimated value range of each Level 3 investment as at 31 December 2019 and 31 December 2018 is presented below:

Level 3 Security	Market Value as at 31 December 2019 US\$	Minimum value US\$	Average value US\$	Maximum value US\$
Anova Corporation (equity)	9,338,544	8,858,702	9,369,910	9,881,118
Anova Corporation (convertible bond)	10,483,163	9,941,600	10,515,299	11,088,997
VTC Online JSC*	1,510,411	n/a	n/a	n/a
SSG Group JSC	1,256,144	1,170,266	1,256,122	1,341,979

Level 3 Security	Market Value as at 31 December 2018 US\$	Minimum value US\$	Average value US\$	Maximum value US\$
GreenFeed Vietnam Corporation	46,593,770	44,399,348	46,674,260	48,961,079
Anova Corporation (equity)	9,743,114	9,326,475	9,759,945	10,196,205
Anova Corporation (convertible bond)	11,132,541	10,736,144	11,151,772	11,581,638
VTC Online JSC	6,059,625	6,070,093	6,070,093	6,070,093
Corbyns International Ltd.	22,909,199	22,909,199	22,909,199	22,909,199
NBB Investment Corporation	2,984,393	2,989,549	2,989,549	2,989,549
SSG Group JSC	1,485,622	1,389,506	1,488,188	1,586,871

\*GT valuation of VTC as at 31 December 2019 is based on the offer price from VTC to repurchase the shares held by the Company. A valuation range is therefore not applicable to this investment.

# VIETNAM PHOENIX FUND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT/D)

### 15 Segmental Reporting

IFRS 8 ‘Operating Segments’ requires a ‘management approach’ under which segment information is presented on the same basis as that used for internal reporting purposes.

The Investment Manager is considered to be the Chief Operating Decision Maker (CODM) for the purposes of IFRS 8.

The Investment Manager is responsible for decisions in relation to both asset allocation, asset selection and any Segregated Fund Manager delegation. The Investment Manager has been given authority by the Board to act on behalf of the Company, including the authority to purchase and sell securities and other investments on behalf of the Company and to carry out other actions as appropriate to give effect thereto.

Any changes to the investment strategy outside of the POM must be approved by the Board and then the Company’s shareholders in accordance with the terms of the POM and the Articles of Association.

The Company operates a single operating segment under IFRS 8 with all cash and investment holdings being managed at a Company level. The Investment Manager has full responsibility for the investment of cash for the Company. In addition to cash, there are four separate asset classes namely listed securities, unlisted securities, fixed income securities and collective investment schemes.

However, the allocation of resources is based on an analysis of future market expectations by the Investment Manager rather than the past performance of the asset classes. The Investment Manager can further delegate the investment management responsibility for an amount of cash to a Segregated Fund Manager, if required. No Segregated Fund Manager was appointed during the year ended 31 December 2019 or year ended 31 December 2018.

The investments are allocated across five separate asset types namely listed securities, unlisted securities, fixed income securities and cash and the income earned from these investments is reflected in the Statement of Comprehensive Income. The Company has a diversified portfolio of underlying investments and no single investment accounts for more than 20% of the Company’s net assets.

### 16 Commitments

There were no commitments to investments as at 31 December 2019 or 31 December 2018.

### 17 Significant events during the year

The Company conducted 3 redemption exercises during the financial year.

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Date	Redemption Tranche	NAV/Share
23 May 2019	13%	USD 0.3375
23 Sept 2019	8%	USD 0.2609
21 Oct 2019	38%	USD 0.2617

# VIETNAM PHOENIX FUND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT/D)

### 17 Significant events during the year (cont/d)

The shares outstanding before and after the redemption exercises were as follows:

Date	Shares Outstanding		Total shares redeemed
	Before redemption	After redemption	
23 May 2019	381,375,002	331,796,257	49,578,745
23 Sept 2019	331,796,257	305,252,562	26,543,695
21 Oct 2019	305,252,562	189,256,596	115,995,966

For more detailed information on these events, please refer to the announcements on the Irish Stock Exchange by the Company. Links to the announcements can also be found on the Company's website [www.vietnamphoenixfund.com](http://www.vietnamphoenixfund.com).

### 18 Significant events after the year end

On 24 January 2020, the Company conducted a redemption of a pro rata share of approximately 42 per cent. The redemption price of USD 0.2524 per share was based on the net asset value of VPF C shares as at 30 November 2019.

On 31 January 2020, the Board approved the transfer of the day-to-day responsibility for the investment and re-investment of the Company's assets from Duxton Asset Management Pte Ltd to Duxton Capital (Australia) Pty Ltd, and the appointment of Duxton Capital (Australia) Pty Ltd as the Company's investment manager, with effect from 31 January 2020, pursuant to the terms of a novation agreement to the existing Investment Management Agreement dated 29 December 2016. For more detailed information on the novation, please refer to the announcements on the Irish Stock Exchange by the Company. Links to the announcements can also be found on the Company's website [www.vietnamphoenixfund.com](http://www.vietnamphoenixfund.com).

Since the start of January 2020, global financial markets have been monitoring and reacting to the spread of the COVID-19. As of 13 April 2020, the virus has infected more than 1,773,000 people in at least 200 countries, areas or territories, with most confirmed cases concentrated in mainland China, Europe and the United States of America (USA) (source: World Health Organization). While containment efforts have helped to slow the growth of the virus in mainland China, in late February and early March 2020, global financial markets reacted sharply to the news that the virus has spread to Spain, Italy, USA and other areas. This has had an impact on global supply chains and general public confidence. This weakening of economic activity and the related market reaction may have an impact on certain assets in the Company. The Investment Manager continues to monitor the impact of COVID-19 on the Company's portfolio and will be actively taking investment decisions where necessary.

On 16 April 2020, the Company has signed the Share Purchase Agreement with an investor to divest the Company's stake in VTC Online. The consideration amount will be disclosed once the deal is concluded as requested by the purchaser.

On 24 April 2020, the Company has received a non-binding, indicative offer for its shares. Negotiations continue to be ongoing.

### 19 Approval of the financial statements

The financial statements were approved by the Board on 30 April 2020.

# VIETNAM PHOENIX FUND LIMITED

## **OTHER INFORMATION**

### **Registered Office**

DMS House,  
20 Genesis Close,  
P.O. Box 1344,  
Grand Cayman KY1-1108,  
Cayman Islands

### **Directors**

Kevin A Phillip (independent)  
Judd Kinne (independent)  
Martin Adams (independent)  
*All Directors are non-executive*

### **Investment Manager**

Duxton Asset Management Pte Ltd.,  
8 Cross Street,  
#19-106 Manulife Tower  
Singapore 048424

Duxton Capital (Australia) Pty Ltd.,  
7 Pomona Road,  
Stirling SA 5152,  
Australia  
(from 31 March 2020)

### **Custodian**

State Street Custodial Services (Ireland) Limited,  
78 Sir John Rogerson's Quay,  
Dublin 2,  
Ireland

### **Sub-Custodian**

HSBC Bank (Vietnam) Limited,  
New World Hotel Building,  
75 Pham Hong Thai,  
District 1,  
Ho Chi Minh City,  
Vietnam

### **Administrator, Registrar and Transfer Agent**

State Street Fund Services (Ireland) Limited,  
78 Sir John Rogerson's Quay,  
Dublin 2,  
Ireland

### **Auditors**

KPMG  
P.O. Box 493  
SIX Cricket Square  
Grand Cayman, KY1 - 1106  
Cayman Islands

### **Irish Listing Agent and Irish Paying Agent**

Matheson,  
70 Sir John Rogerson's Quay,  
Dublin 2,  
Ireland

### **Dealing Enquiries**

Duxton Asset Management Pte Ltd.,  
8 Cross Street,  
#19-106 Manulife Tower  
Singapore 048424

### **Company Secretary**

DMS Corporate Services Ltd.,  
DMS House,  
20 Genesis Close,  
P.O. Box 1344,  
Grand Cayman KY1-1108,  
Cayman Islands

### **Legal Advisor to the Company on Cayman Islands Law**

Ogier,  
89 Nexus Way,  
Camana Bay,  
Grand Cayman, KY1-9009  
Cayman Islands

### **Legal Advisor to the Company on Irish Law**

Matheson,  
70 Sir John Rogerson's Quay,  
Dublin 2,  
Ireland



# VIETNAM PHOENIX FUND LIMITED

## **SUPPLEMENTAL UNAUDITED INFORMATION TO THE FINANCIAL STATEMENTS**

### **Seasonal or cyclical changes**

The Company is not subject to seasonal or cyclical changes.

### **Exchange rates**

The year end exchange rates USD are as follows:

		<b>31/12/2019</b>	<b>31/12/2018</b>
EUR	Euro	0.8909	0.8748
GBP	British Pound	0.7549	0.7852
VND	Vietnamese Dong	23,172.5000	23,195.0000