DRAGON CAPITAL

INTERIM REPORT 2019

Vietnam Enterprise Investments Limited

Contents

Name Abbreviations

In the Chair's Statement and the Portfolio Manager's Report, entities or securities are referred to by their short names as follows:

Full Name	Short Name
Airport Corporation of Vietnam	ACV
Asia Commercial Joint Stock Bank	ACB
Dat Xanh Real Estate Service & Construction Corporation	DXG
FPT Corporation	FPT
FPT Digital Retail Joint Stock Company	FRT
Ha Do Group Joint Stock Company	HDG
Hoa Phat Group Joint Stock Company	HPG
Joint Stock Commercial Bank for Foreign Trade of Vietnam	VCB
Khang Dien House Trading & Investment Joint Stock Company	KDH
Military Commercial Joint Stock Bank	MBB
Mobile World Investment Corporation	MWG
PetroVietnam Gas Corporation	GAS
PetroVietnam Technical Services Corporation	PVS
Phat Dat Real Estate Development Corporation	PDR
Phu Nhuan Jewelry Joint Stock Company	PNJ
Saigon Beer Alcohol Beverage Corporation	SAB
Viet Nam National Petroleum Group	PLX
Vietjet Aviation Joint Stock Company	VJC
Vietnam Dairy Products Joint Stock Company	VNM
Vietnam Engine and Agricultural Machinery Corporation	VEA
Vincom Retail Joint Stock Company	VRE
Vingroup Joint Stock Company	VIC
Vinhomes Joint Stock Company	VHM

Chair's Statement

Dear Shareholders,

Continuing the positive trends of 2018, Vietnam's economy remained solid in the first half of 2019 with leading indicators performing in line with Government forecasts. Vietnam continues to grow and have a greater footprint in international trade and while there may be some concerns regarding global geopolitics, we believe this progress emphasises there is limited risk towards Vietnam.

The figures for Vietnam were encouraging given weaker global demand and the high level of trade to GDP. GDP growth reached 6.8% in the first half of 2019 while average inflation came in at 2.6% year-on-year ("yoy"), the lowest level in three years. The industrial sector was the main growth driver, posting an 11.2% yoy rise in the first half. In contrast, the agricultural sector lagged behind, rising just 1.3% yoy due to African Swine Fever, which caused a 4.7% decline in pig production. Other performance factors include the El Niño effect which resulted in a lack of water for irrigation, adversely impacting farm productivity.

As for trade, Vietnam posted a trade surplus of US$1.59bn in the first half which was softer than the previous US$3.26bn achieved in the same period last year. Vietnam's total export value reached US$122.53bn, an increase of 7.2%, while the import value nationwide hit US$120.94bn, up 8.9%. It's important to note that import demand often surges substantially in May while exports often peak in June-August, thus the net export surplus is expected to increase in the second half. In addition, FDI built on its strong 2018 performance with total disbursement growing 8.1% to US$9.1bn in the first half. New registration totaled US$18.5bn in the first half of 2019 vs. full year 2018 registration of US$35.5bn. From a currency perspective, the Vietnamese Dong ("VND") depreciated by 1% in the first half and an expected weaker US$ following the Federal Open Market Committee's June meeting implies less pressure on the VND vs. the US$ in the second half. As outlined, although the country is clearly a beneficiary of the trade war between the US and China, it will come at the cost of unwanted attention from the US.

The Vietnam stock market gained 10.1% in the first quarter of 2019, with strong inflows from foreign investors driving the market, before falling for three consecutive months. This resulted in a total year-to-date performance increase of 6.8%. Further evidence of the concerns of a continued trade war between the US and China are evident in the average stock market liquidity for the first half of 2019 which was US$188m, below the US$250-300m average daily turnover of 2018. However, foreign inflows remained strong and continued to impress with net foreign inflows of US$424m. In market development, derivatives products within VN30 Index Futures have proved to be attractive as the daily traded value increased from just a few US$ millions when first introduced in July 2017 to almost US$400m by the end of June 2019. Covered warrants started trading on the Ho Chi Minh Stock Exchange on 28 June 2019 attracting high demand from investors. Covered warrants are indicative of market access improvement as they offer a way for investors to get exposure to foreign-constrained names like MWG, FPT and PNJ.

Vietnam Enterprise Investments Limited ("VEIL") underperformed the market in the first half of 2019 by 6.5%. All the underperformance came in the first quarter whereas it slightly outperformed in the second quarter. Some of the underperformance was due to the portfolio being underweight in large caps which have been pushed up by strong ETF flows and institutional buying. An important positive was that VEIL's top holding, MWG, started to surge in June thanks to impressive earnings growth of 37.7% in the first half, while posting better than expected development of its new grocery business. We strongly believe the portfolio has other value-oriented stocks with similar upside potential. To emphasise our confidence in and commitment to our strategy, VEIL re-implemented its buyback programme as we continue to manage the discount level to offer a share price that reflects VEIL's fundamental value.

We remain positive on Vietnam's outlook for the second half of 2019. There are some international trade concerns given US President Trump's rhetoric on countries abusing trade practices. This was followed by the implementation of 400% tariffs on certain Vietnamese steel products, however, Hanoi has taken immediate steps to mitigate the situation by imposing tariffs on certain products coming from other Asian nations in order to deter transhipment. At the same time, Vietnam is expected to increase imports from the US, including food products, gas/fuels, and civilian aircrafts. We believe the risk of a trade war with the US is low, as the US will seek allies in Asia to pivot against China. Trade aside, a number of key metrics favour strong domestic performance; 2019 GDP growth is expected to reach 6.7%, inflation is anticipated to remain 4.0% and the local currency remains stable thanks to both the trade surplus and high foreign reserves.

Finally, with our domestic market's valuation still trading at attractive levels, we are confident in our unique ability to execute on the long-term buying opportunity. With our top 60 companies expected to deliver 11.1% earnings per share growth on 12.3x forward earnings, Vietnam is less expensive compared to regional peers such as Thailand, The Philippines, Malaysia and Indonesia. Thus, VEIL offers shareholders value and access to invest in a dynamic economy with downside protection amidst sensitive global macro factors. We remain committed to investing in Vietnam's growth and unlocking value for the benefit of our shareholders.

Thank you for your continued support.

Stanley Chou
Chair
Vietnam Enterprise Investments Limited
9 September 2019

Portfolio Manager's Report

1. Performance Overview

After a difficult 2018, Vietnam's equity market returned to winning ways in the first half of 2019. The VN Index's total return in US$ terms ("VNI TR$" or the "Index") delivered 6.8%, underpinned by the performance of a small number of large-cap stocks. In fact, just seven of the Index's top-10(*) delivered almost 100% of the VNI TR$ gain in the first half of the year. As the market leaned toward favouring large-cap stocks, especially stocks with foreign room available, active managers such as VEIL lagged behind in the period. VEIL posted a modest gain of 0.3% for the first half of the year and underperformed its benchmark, the VNI TR$ by 6.5%.

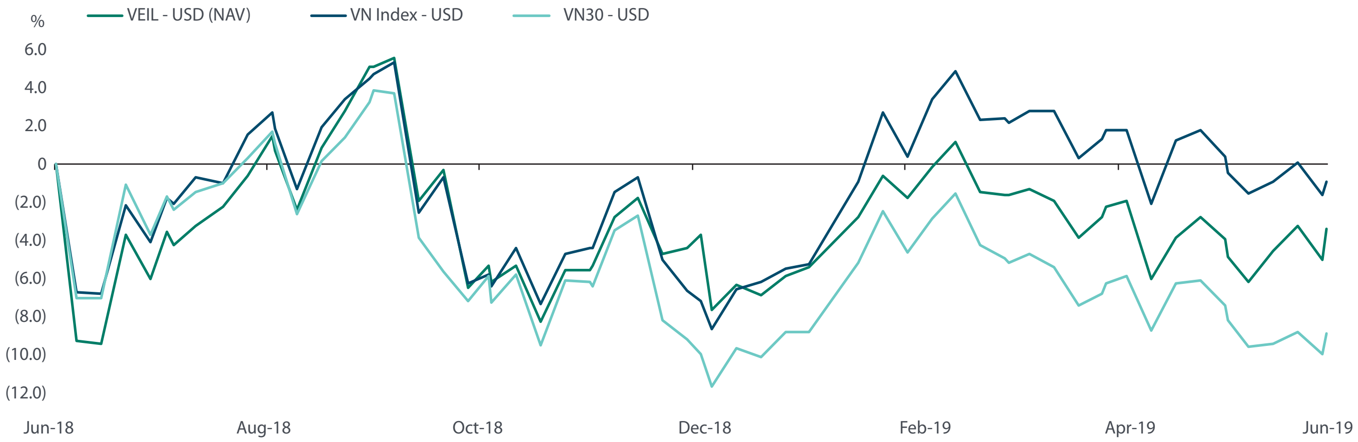
(*) Seven of the Index's top-10 are VIC, VCB, GAS, VHM, VRE, PLX and VNM.

The banking, energy, retail and software & services sectors were the greatest contributors to VEIL's overall return whilst materials & resources and real estate & construction dragged on performance. It is worth noting that among VEIL's holdings, VEA in the capital goods sector was a star performer in the period.

2. Attribution Analysis

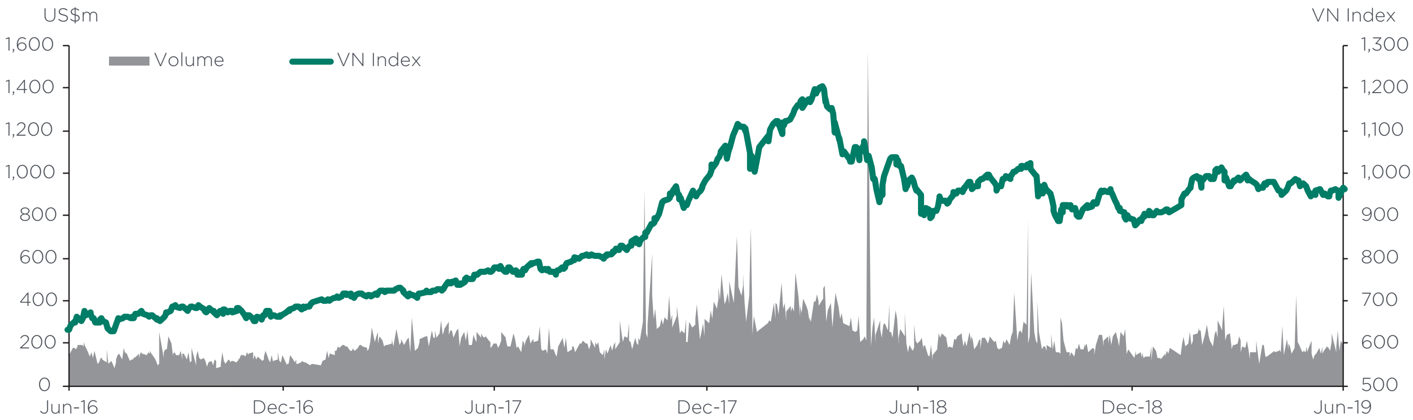
VEIL's banking sector holdings, which have been the main drivers of outperformance for VEIL over the last two years, rose 1.4% but underperformed the Index's banking sector by 4.8%. VEIL's two major overweight holdings in banking are ACB which disappointedly fell 2.8%, and MBB which performed well, rising 9.8% in the period. ACB saw improvements across the board with rising Net Interest Margin ("NIM") from 3.3% in the first half last year to 3.5% in the first half this year. Asset yield also rose to 8.2% compared to 8.0% in the same period last year, in addition to a superior current

1 Year Performance (% in US$ terms)



Source: Dragon Capital, Bloomberg

VN Index information (Rolling 3-year)



Source: Dragon Capital, Bloomberg

Portfolio Manager's Report (Continued)

and savings account ("CASA") ratio which improved to 17.4%. As a result, Net Interest Income (NII) was up 18.5% yoy which drove net income up 17.7% yoy. Similarly, MBB also improved both its NIM, up to 4.7% from 4.6% last year, and asset yield, up to 8.3% from 8.1% last year. CASA for MBB fell from 39% at the end of the first half last year to 33% this year due to a rapid increase in term deposits. Nevertheless, the bank was still able to improve its cost-to-income ratio (CIR) to 37.5% from 40.1% in the same period last year making it among the best in the sector. Thus, MBB was able to deliver an impressive 34% growth in net income in the first half of 2019. Additionally, MBB's share price was also boosted by the news that the bank is seeking to sell up to 10% to a foreign investor in the second half of the year. In terms of valuation, both ACB and MBB offered incredible value for money, trading at just 1.3x and 1.1x respectively of forward price-to-book value, (PBR) while the two banks are projected to deliver 25.1% and 21.3% return on equity (ROE) for 2019. Although both of VEIL's banking stocks continued to perform well in the first half of 2019, even MBB's solid returns were no match for the rise of VCB which by itself accounted for one third of the Index's banking sector increase and surged 31.1%. VCB, a stock that VEIL is underweight in, single-handedly drove the Index's banking sector and was the primary difference in the performance gap.

The energy sector enjoyed a good first half in 2019 as average oil prices rose around 20% from the start of the year. As a whole, VEIL's energy holdings performed in line with the Index's energy sector, rising 14.3% versus the Index's 15.1% increase. GAS, VEIL's biggest energy holding, is an example of VEIL's ability to pick sector outperformers as the company net income surged 40.0% yoy for the first half of 2019. This was thanks to a new pricing mechanism that allows the company to charge

Asset Allocation by Asset Class[1]

	30 June 2019	31 December 2018
	%	%
Equities	99.9	100.6
OTC Equities	0.4	0.5
Others	0.5	0.5
Cash[2]	0.6	2.6
Loans	(1.4)	(4.2)
	100.0	100.0

[1] For asset allocation by sector, please see Note 5 to the Condensed Interim Financial Statements.
[2] Cash includes cash and cash equivalents, receivables and payables.

Investment Portfolio – 10 Largest Equity Investments

Company	Sector	Market value 2019	NAV	Total return 2019	Initial acquisition
		US$	%	%	
MWG	Retail	127,821,776	8.9	8.0	3 October 2014
VHM	Real Estate & Construction	106,950,891	7.4	7.5	18 May 2018
ACB	Banking	98,868,236	6.9	(2.8)	1 April 2010
KDH	Real Estate & Construction	95,118,320	6.6	(2.8)	19 November 2013
MBB	Banking	70,897,956	4.9	9.8	9 March 2010
HPG	Materials & Resources	66,692,088	4.6	(1.8)	1 December 1996
SAB	Food & Beverages	53,001,308	3.7	2.3	3 July 2008
FPT	Software & Services	48,746,931	3.5	20.4	19 June 2009
VNM	Food & Beverages	46,988,370	3.4	3.2	22 October 2003
ACV	Transportation	46,154,344	3.3	7.3	14 December 2015
Total 10 investments		761,240,220			

Source: Dragon Capital and Bloomberg (total return in US$ terms in respective index)

Portfolio Manager's Report (Continued)

an oil-price-derived output price for its under-take-or-pay volume instead of a fixed price with a small nominal increase. We expect such initiatives will continue to serve the company well and have a positive impact in the second half of the year. VEIL took a new, although relatively small position, in PVS which performed well rising 14.8% in the period. The company also recorded an increase of 18.4% in consolidated revenues and 40.8% in net income thanks to increasing oil and gas exploration activities in Vietnam.

The retail sector has long been a favourite of VEIL's as it grants almost unparalleled access to tap into the increasing emergence of middle-class consumption and is VEIL's most overweight holding. VEIL's biggest position, MWG performed well in the first half of 2019, rising 8.0% while outperforming the benchmark. The company's key new growth driver in the groceries market, Bach Hoa Xanh ("BHX"), showed continuous improvement. MWG stepped up BHX's expansion, opening 216 stores in the first half of 2019 to bring its total store-count to 600. By increasing its revenue per store BHX is now well above break-even point in EBITDA terms and is on course to hit break-even at chain level by year-end. MWG's two traditional segments, mobile phone and consumer electronics retail, underwent an internal restructuring to improve overall efficiency. As a result, these segments' combined revenue grew 10.7% yoy. Consolidated revenue as a whole rose 16.0% yoy while net income was up a remarkable 37.7% thanks to various initiatives implemented over the last 12 months to increase the scale and efficiency of the whole group. VEIL's other position in the sector is the second biggest player after FRT, MWG.
In contrast, FRT stagnated as the mobile phone business slowed, resulting in a 9.8% share price drop. Unlike MWG which expanded into groceries, FRT chose to expand into pharmaceutical retail. The company acquired a reputable, small scale pharmaceutical retailer and has been working on a restructuring programme since 2018 to prepare for a more aggressive scale-up programme. For the first half of 2019, FRT posted consolidated revenue up 7.4% whilst net income was up 9.5%. We expect both top and bottom line performance to improve by more than 10% for the full year which could help the share price to recover some of the loss from the first half of the year.

VEIL's software & services sector holding, FPT, a long-time overweight constituent of the portfolio, delivered an impressive 20.4% gain in the first half of 2019. Its rally was underscored by strong performance from its software outsourcing segment and its telecom services business which delivered top line growth of 37.8% and 17.7% respectively, as well as bottom line growth of 39.5% and 15.5%. The appointment of a young and ambitious new CEO seems to have inspired more market confidence in FPT's commitment to delivering long-term growth.

The star performer in the portfolio was undoubtedly VEA, an off-benchmark investment in the capital goods sector. The stock delivered an impressive 47.5% return in the first half of 2019 as the rerating of VEA, which registered to trade on the Unlisted Public Company Markets ("UPCoM") in July 2018, continued well into 2019. At the end of the first half of 2019, VEA was still trading at just 9.6x our 2019 projected earning with an effective dividend yield of 7.9% for 2019.

The biggest performance difference between VEIL and the Index was the real estate & construction sector as VEIL's holdings ended down 1.8% whilst the Index rose 12.1%. The biggest driver for the Index's performance was VIC and its two listed subsidiaries VHM and VRE. These three companies have a

Major Sector Return and Contribution

Sector	Portfolio return	VN Index return	Portfolio contribution
	%	%	%
Real Estate & Construction	(1.8)	12.1	(0.6)
Banking	1.4	6.2	0.3
Retail	5.6	6.1	0.5
Food & Beverage	0.0	3.4	(0.0)
Materials & Resources	(4.1)	1.1	(0.1)
Capital Goods	20.6	(6.1)	0.9
Diversified Financials	(7.0)	1.6	(0.3)
Energy	14.3	15.1	0.4
Transportation	7.8	5.2	0.3
Technology Hardware & Equipment	20.8	19.8	0.6

Source: Dragon Capital, Bloomberg

Portfolio Manager's Report (Continued)

combined average weight of 81% of the whole sector whilst their total performance contribution to the sector was 105% of the sector; implying the sector, as a whole, baring these 3 companies, was actually negative for the period. VEIL's holdings of smaller developers did not fare as well, though not without some stellar performers. HDG and PDR were outstanding performers, rising 20.3% and 25.3% respectively. For both companies, the strong performances were driven by delivering key projects in 2019 which underscored their earnings for this year. The most notable drag on VEIL's real estate & construction holdings was DXG which fell 22.0%. Meanwhile, whilst VEIL's largest position in the sector KDH did not drop as much as DXG, it still fell 2.8%. For both companies, and many others in the sector that have large exposure to Ho Chi Minh City, sentiments deteriorated sharply due to the tighter legal environment and a lethargic approval process causing delays to new project launches. Despite these difficulties, we still expect DXG and KDH to deliver double-digit net income growth in both 2019 and 2020. DXG in particular is circumventing the legal issue by focusing more on Tier-2 cities such as Binh Duong province where the approval process is not as stringent. So far, its new launch, the Opal Boulevard project in Binh Duong province, has been very warmly received with the company successfully selling all 1,500 units that were launched. The company is now preparing more landbank in Binh Duong and expects to launch up to five projects in the province during 2019-2020 which should secure earnings for 2021-2023. As for KDH, the company is close to being able to launch two projects in the Binh Chanh district in Ho Chi Minh City in the second half of 2019 which should help secure future earnings in 2021-2022 and improve investor sentiments towards the stock.

The material & resources sector, another strong performer for VEIL in the past, also underperformed in the first half. Top-10 holding HPG, a notable overweight and long-term holding of VEIL, fell marginally by 1.8%. The company's top line continued to perform reasonably well, rising 10.3% yoy. Its market share rose 1% to 25% for construction steel and to 31% for pipe up from 28% in 2018. Stagnant output price in the first half, coupled with rising iron ore price - one of the key metrics for HPG - compressed the gross profit margin to 18.8% from 21.4% last year. As a result, net income fell 13.0% yoy. The commercial launch of Dung Quat, the mega steel complex which is expected to almost double HPG's current capacity, was also delayed by a quarter adding to the already subdued investor sentiments. We view the short-term difficulties as an opportunity for HPG to further consolidate its domestic dominance. Over the longer-term, the scale advantage that Dung Quat brings, in addition to a well-governed management team, will help bring HPG back to winning ways.

3. Outlook

A rebound in the equity market has brought some confidence back to market participants, especially after a tough 2018. Against the backdrop of a goldilocks domestic economy, with solid economic growth on low inflation and relatively stable Forex, Vietnam's equity market continues to offer one of the most compelling value-for-growth profiles in the region. For 2019, our top 60 companies are projected to deliver 11.1% earnings per share growth at just 12.3 times price-to-earnings ratio. The relatively narrow market breadth in the first six-month rally means there are a lot of untapped opportunities, especially in the mid-cap to semi-large-cap range. As confidence in the market builds, there is a good chance some of this value will be unlocked in the coming months as investors widen their search for yield beyond the large-cap stocks.

One of the more exciting aspects of Vietnam's story in the past two and a half years has been the opportunities originating from the Government's privatisation programme, as well as the IPO of private companies. VEIL has been an active participant in many of these primary placings with noteworthy winners including ACV, VEA and VJC. Market turmoil in the second half of 2018 put many of the planned privatisations and IPOs on hold; however, we believe that the Government still fully intends to restart the privatisation programme as part of its commitment to reform and develop financial markets. In the first half of this year, we have seen a small number of placings conducted and we hope the trend will be amplified as it continues.

Coming into the second half of 2019, VEIL's team will focus more on value-creation initiatives, especially regarding investor relations activities as many of its investees offer remarkable opportunities for growth but so far failed to capture the attention of the market. Finally, the team will continue to keep a very close watch on the privatisation and IPO pipeline to ensure we are able to capture long-term growth at reasonable valuations.

Vu Huu Dien
Portfolio Manager
Vietnam Enterprise Investments Limited
9 September 2019

Board of Directors

Chair & Independent Non-Executive Director (Appointed January 2016)

Stanley Chou

Stanley Chou is Managing Director of SCA International Ltd. He also co-founded the Victory Fund, a Luxembourg based equity fund. He has been investing in Vietnam since 2005.

Independent Non-Executive Director (Appointed March 2011)

Derek Loh

A director with TSMP Law Corporation Singapore, Derek practices construction and engineering law. He also sits on the boards of various Singapore-listed companies including Vibrant Group Ltd where he chairs the Remuneration and Nomination Committees.

Senior Independent Non-Executive Director (Appointed July 2014)

Gordon Lawson

Educated at Birmingham University, Gordon worked with Salomon Brothers/ Citigroup, London before founding Pendragon in 1996. He later became Chairman of Indochina Capital Vietnam plc. He is an advisor and director of various companies.

Independent Non-Executive Director (Appointed April 2018)

Vi Peterson

Vi is an international business consultant based in Melbourne Australia, advising multinational corporations in Thailand and Vietnam. She serves on various company, not-for-profit and university boards. She is a former banking executive and Australian Senior Trade Commissioner to Vietnam.

Independent Non-Executive Director (Appointed May 2019)

Entela Benz-Saliasi

Entela serves as Adjunct Associate Professor at Department of Finance, HKUST Business School in HK. Alongside teaching, she has been acting as a consultant for Impact and ESG Investing since 2007. She is the founder and CEO of Intensel. She sits on various boards in HK and The Philippines.

Non-Executive Director (Appointed May 1995)

Dominic Scriven O.B.E

UK-born Dominic founded Dragon Capital in 1994. Fluent in Vietnamese, he promotes the capital markets of Vietnam internationally, and is a director of various Vietnamese public companies. His interests range from Vietnamese art to eliminating the illegal trade in wildlife.

Report of the Board of Directors

The Directors of Vietnam Enterprise Investments Limited (the "Company") present their report and the reviewed condensed interim financial statements of the Company for the six-month period ended 30 June 2019.

Principal Activity

The Company is an investment holding company incorporated as an exempted company with limited liability in the Cayman Islands on 20 April 1995. The shares of the Company have been listed on the main market of the London Stock Exchange since 5 July 2016 (until 4 July 2016: listed on the Irish Stock Exchange). The principal activity of the Company is investing directly or indirectly in a diversified portfolio of listed and unlisted securities in Vietnam.

Results and Dividends

The Company's profit for the six-month period ended 30 June 2019 and its financial position at that date are set out in the attached condensed interim financial statements. The Directors have taken the decision not to pay a dividend in respect of the six-month period ended 30 June 2019 (six-month period ended 30 June 2018: nil).

Share Capital

Details of movements in the Company's share capital during the period are presented in Note 10. As at 30 June 2019, the Company had 218,882,480 Ordinary Shares and 1,000 Management Shares outstanding (31 December 2018: 219,579,878 Ordinary Shares and 1,000 Management Shares).

Directors

The Directors of the Company during the period were:

Non-executive Director:

- Dominic Scriven O.B.E

Independent Non-executive Directors:

- Wolfgang Bertelsmeier – Chair (until 30 June 2019)
- Stanley Chou – Chair (from 30 June 2019)
- Derek Eu-Tse Loh
- Gordon Lawson
- Vi Le Peterson
- Entela Benz – Saliasi (from 16 May 2019)

In accordance with Article 91 of the Restated and Amended Memorandum and Articles of Association (the "Articles"), the Independent and Non-independent Non-executive Directors are required to submit themselves for re-election at the next occurring Annual General Meeting ("AGM"). All the Independent Non-executive Directors were duly re-appointed at the AGM held on 8 July 2019 following the expiry of their respective terms. Dominic Scriven O.B.E also submitted himself for re-election, and was duly re-appointed. Entela Benz - Saliasi was newly appointed as an Independent Non-executive Director on 16 May 2019. Wolfgang Bertelsmeier stepped down as Chair of the Company and resigned from the Board of Directors, both taking effect from 30 June 2019. Stanley Chou was elected to replace Wolfgang Bertelsmeier as Chair of the Company, taking effect from 30 June 2019 and Gordon Lawson was appointed as Senior Independent Non-Executive Director. The Board Committees were reviewed and their compositions were re-constituted, taking effect from 1 July 2019.

Directors' Rights to Acquire Shares or Debentures

At no time during the period was the Company a party to any arrangement to enable the Company's Directors or their respective spouses or minor children to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Interests in Shares

Dominic Scriven O.B.E., a Non-executive Director of the Company, is a beneficial shareholder of the Company, holding 36,423 Ordinary Shares of the Company as at 30 June 2019 (31 December 2018: 36,423 Ordinary Shares).

Dominic Scriven O.B.E also has indirect interests in shares of the Company as he is a key shareholder of Dragon Capital Group Limited, the parent company of Dragon Capital Limited which holds the Management Shares of the Company. Dragon Capital Group Limited is also the ultimate parent company of Enterprise Investment Management Limited, the Investment Manager of the Company and Dragon Capital Markets Limited. As at 30 June 2019, Dragon Capital Markets Limited beneficially held 2,700,359 Ordinary Shares of the Company for investment and proprietary trading purposes (31 December 2018: 2,700,359 Ordinary Shares).

Gordon Lawson, an Independent Non-executive Director of the Company, is a beneficial shareholder of the Company, holding 25,000 Ordinary Shares of the Company as at 30 June 2019 (31 December 2018: 25,000 Ordinary Shares).

Apart from the above, no other Director had a direct or indirect interest in the share capital of the Company, or its underlying investments at the end of the period, or at any time during the period.

Report of the Board of Directors (Continued)

Directors' Interests in Contracts

Dominic Scriven O.B.E has indirect interests in the Investment Management agreement between the Company and Enterprise Investment Management Limited, the Investment Manager of the Company, where he is a Director. There were no further contracts of significance in relation to the Company's business in which a Director of the Company had a material interest, whether directly or indirectly, at the end of the period or at any time during the period.

Substantial Shareholders

As at 30 June 2019, the Company's register of shareholders showed that the following shareholder held more than 10% interest in the issued Ordinary Share capital of the Company.

Registered shareholder

Computershare Investor Services PLC (*)

Number of Ordinary Shares held

220,920,746

% of total Ordinary Shares in issue

100%

(*) Computershare Investor Services PLC was appointed to act as depositary in respect of a facility for the issue of depositary interest representing the Company's Ordinary Shares.

Subsequent Events

Details of the significant subsequent events of the Company are set out in Note 17 to the condensed interim financial statements.

Auditors

KPMG Limited, Vietnam

Directors' Responsibility in Respect of the Condensed Interim Financial Statements

The Board of Directors is responsible for ensuring that the condensed interim financial statements of the Company are properly drawn up so as to give a true and fair view of the financial position of the Company as at 30 June 2019 and of its financial performance and its cash flows for the period then ended. When preparing these condensed interim financial statements, the Board of Directors is required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- comply with the requirements of IAS 34 ***Interim Financial Reporting*** or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the condensed interim financial statements;
- maintain adequate accounting records and an effective system of internal controls;
- prepare the condensed interim financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue its operations in the foreseeable future; and
- control and direct effectively the Company in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the condensed interim financial statements.

The Board of Directors is also responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The important events that have occurred during the six-month period ended 30 June 2019 are described in the Chair's Statement and the Investment Manager's Report. A detailed description of the principal risks and uncertainties faced by the Company are set out on pages 60 to 70 of the Annual Report for the year ended 31 December 2018 (Note 16 to the 2018 financial statements). The Board of Directors has not identified any new principal risks and uncertainties that will impact the remaining six months of the year.

The Directors confirm to the best of their knowledge that:

- the condensed interim financial statements in the interim report have been prepared in accordance with IAS 34 ***Interim Financial Reporting*** and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the undertakings included in the financial statements taken as a whole as required by the United Kingdom Financial Conduct Authority's Disclosure Guidance and Transparency Rules ("DTR") 4.2.4R;
- the condensed interim financial statements include a fair review of the information required by DTR 4.2.7R, which provides an indication of important events that have occurred during the period and their impact on these condensed interim financial statements and a description of the principal risks and uncertainties for the remaining six months of the year; and

Report of the Board of Directors (Continued)

- the condensed interim financial statements include a fair review of the information required by DTR 4.2.8R, concerning the related party transactions that have taken place in the six-month period ended 30 June 2019 and that have materially affected the financial position or performance of the Company during that period.

The Directors confirm that they have complied with the above requirements in preparing the condensed interim financial statements.

Approval of the Condensed Interim Financial Statements

The Board of Directors hereby approves the accompanying condensed interim financial statements which give a true and fair view of the financial position of the Company as of 30 June 2019, and of its financial performance and its cash flows for the period then ended in accordance with IFRS.

Signed on behalf of the Board by:

Stanley Chou
Chair
Vietnam Enterprise Investments Limited
9 September 2019

Signed on behalf of the Audit and Risk Committee by:

Gordon Lawson
Chair of the Audit and Risk Committee
Vietnam Enterprise Investments Limited
9 September 2019

Independent Auditors' Report on Review of Interim Financial Information

KPMG

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders
Vietnam Enterprise Investments Limited

We have reviewed the accompanying condensed interim financial statements of Vietnam Enterprise Investments Limited ("the Company"), which comprise the statement of financial position as at 30 June 2019, the related statements of comprehensive income, changes in net assets attributable to Ordinary Shareholders and cash flows for the six-month period then ended, and notes to the condensed interim financial statements ("the condensed interim financial statements"), as set out on pages 6 to 36. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as at 30 June 2019 are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

On behalf of KPMG Limited's Branch in Ho Chi Minh City
Vietnam
Review Report No.: 19-01-00295-19-1

Nguyen Thanh Nghi
Audit Partner

09 September 2019

Statement of Financial Position
As at 30 June 2019

	Note	30 June 2019	31 December 2018	Change
		US$	US$	in %
Current assets:				
Financial assets at fair value through profit or loss	5	1,456,858,334	1,472,751,786	
Other receivables		474,864	568,429	
Balances due from brokers	6	329,867	516,059	
Cash and cash equivalents	7	6,349,179	32,791,633	
Total assets		**1,464,012,244**	**1,506,627,907**	**(2.83)**
Current liabilities:				
Balances due to brokers	6	1,228,178	3,788,426	
Borrowings	8	20,000,000	60,000,000	
Accounts payable and accruals	9	3,444,775	2,817,513	
Total liabilities		**24,672,953**	**66,605,939**	**(62.96)**
Equity:				
Issued share capital	10	2,188,834	2,195,808	
Share premium	10	552,996,939	556,891,643	
Retained earnings		884,153,518	880,934,517	
Total equity		**1,439,339,291**	**1,440,021,968**	**(0.05)**
Net assets attributable to Ordinary Shareholders		**1,439,339,291**	**1,440,021,968**	**(0.05)**
Number of Ordinary Shares in issue	10	218,882,480	219,579,878	
Net asset value per Ordinary Share	11	**6.58**	**6.56**	**0.3**

Approved by the Board of Directors on 9 September 2019.

Dominic Scriven O.B.E
Director
Vietnam Enterprise Investments Limited

The accompanying notes are an integral part of these condensed interim financial statements

Statement of Comprehensive Income
For the six-month period ended 30 June 2019

	Note	Six-month period ended 30 June 2019 US$	30 June 2018 US$
Income:			
Bank interest income		8,158	23,402
Dividend income		5,066,360	4,812,412
Net changes in fair value of financial assets at fair value through profit or loss	5	6,598,893	(146,469,830)
Gains on disposals of investments		7,985,567	107,451,969
Other income		-	24,962
Total income		**19,658,978**	**(34,157,085)**
Expenses:			
Administration fees	12	(467,865)	(693,730)
Custodian fees	12	(391,163)	(513,937)
Directors' fees	12	(80,917)	(64,294)
Management fees	12	(13,926,197)	(15,944,784)
Withholding taxes		(1,101)	(9,376)
Legal and professional fees		(327,659)	(276,726)
Brokerage fee and structuring fee		(170,720)	(1,583,900)
Interest expenses		(944,531)	(1,553,565)
Other operating expenses		(75,037)	(222,500)
Total expenses		**(16,385,190)**	**(20,862,812)**
Net profit/(loss) before exchange (losses)		**3,273,788**	**(55,019,897)**
Exchange (losses):			
Net foreign exchange (losses)		(54,787)	(386,379)
Profit/(loss) before tax		**3,219,001**	**(55,406,276)**
Income tax	13	-	-
Net profit/(loss) after tax for the period		**3,219,001**	**(55,406,276)**
Other comprehensive income for the period		-	-
Total comprehensive income/(loss) for the period		**3,219,001**	**(55,406,276)**
Total comprehensive income/(loss) for the period attributable to Ordinary Shareholders		**3,219,001**	**(55,406,276)**
Basic earnings/(losses) per Ordinary Share	14	**0.01**	**(0.25)**

The accompanying notes are an integral part of these condensed interim financial statements

Statement of Changes in Net Assets Attributable to Ordinary Shareholders

For the six-month period ended 30 June 2019

	Issued share capital	Share premium	Retained earnings	Total
	US$	US$	US$	US$
Balance at 1 January 2018	2,201,266	560,096,358	990,979,481	1,553,277,105
Total comprehensive income for the period:				
Net loss for the period	-	-	(55,406,276)	(55,406,276)
Transactions with shareholders, recognised directly in equity:				
Repurchase of Ordinary Shares	(5,458)	(3,204,715)	-	(3,210,173)
Balance at 30 June 2018	2,195,808	556,891,643	935,573,205	1,494,660,656
Balance at 1 January 2019	2,195,808	556,891,643	880,934,517	1,440,021,968
Total comprehensive income for the period:				
Net profit for the period	-	-	3,219,001	3,219,001
Transactions with shareholders, recognised directly in equity:				
Repurchase of Ordinary Shares	(6,974)	(3,894,704)	-	(3,901,678)
Balance at 30 June 2019	2,188,834	552,996,939	884,153,518	1,439,339,291

The accompanying notes are an integral part of these condensed interim financial statements

Statement of Cash Flows
For the six-month period ended 30 June 2019

	Note	Six-month period ended 30 June 2019 US$	Six-month period ended 30 June 2018 US$
Cash flows from operating activities:			
Profit/(loss) for the period		3,219,001	(55,406,276)
Adjustments for:			
Bank interest income		(8,158)	(23,402)
Bank interest expense		944,531	1,553,565
Dividend income		(5,066,360)	(4,812,412)
Net changes in fair value of financial assets at fair value through profit or loss		(6,598,893)	146,469,830
Gains on disposals of investments		(7,985,567)	(107,451,969)
Other income		-	(24,962)
		(15,495,446)	**(19,695,626)**
Net cash flows from subsidiaries carried at fair value		41,766,296	88,510,991
Changes in balances due from brokers		186,192	(58,614)
Changes in balances due to brokers and accounts payable and accruals		(2,948,683)	895,754
		23,508,359	**69,652,505**
Proceeds from disposals of investments		76,660,580	186,968,902
Purchases of investments		(87,948,964)	(269,378,513)
Bank interest income received		8,158	23,402
Bank interest expense paid		(761,011)	(1,351,924)
Dividends received		5,159,925	4,804,304
Other income received		-	24,962
Net cash generated from/(used in) operating activities		**16,627,047**	**(9,256,362)**
Cash flows from financing activities:			
Proceeds from short-term borrowings		40,000,000	-
Repayments of borrowings		(80,000,000)	-
Repurchase of Ordinary Shares		(3,069,501)	(3,210,173)
Net cash used in financing activities		**(43,901,678)**	**(3,210,173)**
Net decrease in cash and cash equivalents		**(26,442,454)**	**(12,466,535)**
Cash and cash equivalents at the beginning of the period		32,791,633	32,443,551
Cash and cash equivalents at the end of the period	7	**6,349,179**	**19,977,016**

The accompanying notes are an integral part of these condensed interim financial statements

Notes to the Condensed Interim Financial Statements
For the six-month period ended 30 June 2019

These notes form an integral part of and should be read in conjunction with the accompanying condensed interim financial statements.

1. The Company

Vietnam Enterprise Investments Limited (the "Company") is a closed-end investment fund incorporated as an exempted company with limited liability in the Cayman Islands on 20 April 1995. It commenced operations on 11 August 1995, the date on which the initial subscription proceeds were received.

The investment objective of the Company is to invest directly or indirectly in publicly or privately issued securities of companies, projects and enterprises issued by Vietnamese entities, whether inside or outside Vietnam.

The Company's Ordinary Shares have been listed on the main market of the London Stock Exchange since 5 July 2016 (until 4 Jul 2016: listed on the Irish Stock Exchange). The Company is established for an unlimited duration.

The Company had the following investments in subsidiaries and joint operation as at 30 June 2019, for the purpose of investment holding:

Subsidiaries	Country of incorporation	Principal activities	% ownership
Grinling International Limited	British Virgin Islands	Investment holding	100%
Wareham Group Limited	British Virgin Islands	Investment holding	100%
Goldchurch Limited	British Virgin Islands	Investment holding	100%
VEIL Holdings Limited	British Virgin Islands	Investment holding	100%
Venner Group Limited	British Virgin Islands	Investment holding	100%
Rickmansworth Limited	British Virgin Islands	Investment holding	100%
VEIL Infrastructure Limited	British Virgin Islands	Investment holding	100%
Amersham Industries Limited	British Virgin Islands	Investment holding	100%
Balestrand Limited	British Virgin Islands	Investment holding	100%
Asia Reach Investment Limited	British Virgin Islands	Investment holding	100%

Joint operation	Country of incorporation	Principal activities	% ownership
Dragon Financial Holdings Limited	British Virgin Islands	Investment holding	90%

As at 30 June 2019 and 31 December 2018, the Company had no employees.

2. Basis of Preparation

(a) Statement of compliance

The Company's condensed interim financial statements as at and for the six-month period ended 30 June 2019 have been prepared in accordance with IAS 34 ***Interim Financial Reporting*** and should be read in conjunction with the Company's financial statements as at and for the year ended 31 December 2018.

(b) Basis of measurement

The condensed interim financial statements have been prepared on the historical cost basis, except for financial instruments classified as financial assets at fair value through profit or loss which are measured at fair value. The methods used to measure fair values are described in Note 3(c)(iii).

Notes to the Condensed Interim Financial Statements (Continued)

For the six-month period ended 30 June 2019

2. Basis of Preparation (Continued)

(c) Functional and presentation currency

The condensed interim financial statements are presented in United States Dollar ("US$"), which is the Company's functional currency.

Functional currency is the currency of the primary economic environment in which the Company operates. If indicators of the primary economic environment are mixed, then management uses its judgment to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The Company's investments and transactions are denominated in US$ and VND. Share subscriptions and dividends are made and paid in US$. Borrowings are made in US$. The expenses (including management fees, custodian fees and administration fees) are denominated and paid in US$. Accordingly, management has determined that the functional currency of the Company is US$.

(d) Use of estimates and judgments

In preparing these condensed interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have significant effect on the amounts recognised in the financial statements are discussed as follows:

Assessment as investment entity

Entities that meet the definition of an investment entity within IFRS 10 - *Consolidated Financial Statements* are required to account for investments in controlled entities, as well as investments in associates and joint ventures, at fair value through profit and loss. Subsidiaries that provide investment related services or engage in permitted investment related activities with investees continue to be consolidated unless they are also investment entities.

The criteria which define an investment entity are currently as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Board of Directors has made an assessment and concluded that the Company meets the above listed criteria of an investment entity. The investment objective of the Company is to provide shareholders with attractive capital returns by investing directly or indirectly through its subsidiaries in a diversified portfolio of listed and unlisted securities in Vietnam. The Company has always measured its investment portfolio at fair value. The exit strategy for all investments held by the Company and its subsidiaries is assessed regularly, documented and submitted to the Investment Committee for approval.

The Company also meets the additional characteristics of an investment entity, in that it has more than one investment; the investments are predominantly in the form of equities and similar securities; it has more than one investor and its investors are not related parties. The Board has concluded that the Company therefore meets the definition of an investment entity. These conclusions will be reassessed on an annual basis for changes in any of these criteria or characteristics.

Fair value of financial instruments

The most significant estimates relate to the fair valuation of each subsidiary and the fair valuation of financial instruments with significant unobservable inputs in their underlying investment portfolio.

The Board has assessed the fair valuation of each subsidiary to be equal to its net asset value at the reporting date, and the primary constituent of net asset value across subsidiaries is their underlying investment portfolio.

Notes to the Condensed Interim Financial Statements (Continued)

For the six-month period ended 30 June 2019

2. Basis of Preparation (Continued)

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

Impairment of receivables

The Directors determine the allowance for impairment of receivables on a regular basis. This estimate is based on the Directors' review of each individual account balance taking into account the credit history of the debtors and prevailing market conditions.

(e) Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future (being a period of 12 months from the date these financial statements were approved). Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern, having taken into account the liquidity of the Company's investment portfolio and the Company's financial position in respect of its cash flows, borrowing facilities and investment commitments. Therefore, the condensed interim financial statements have been prepared on the going concern basis.

3. Summary of Significant Accounting Policies

The following significant accounting policies have been applied consistently to all periods presented in these financial statements, except if mentioned otherwise.

(a) Subsidiaries and joint operation

Subsidiaries are investees controlled by the Company. The Company controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Joint operation is a joint arrangement whereby the Company has joint control and rights to the assets and obligations for the liabilities relating to the arrangement.

The Company is an investment entity and measures investments in its subsidiaries at fair value through profit or loss (see Note 2(d)). In determining whether the Company meets the definition of an investment entity, the Board considered the Company and its subsidiaries as a whole. In particular, when assessing the existence of investment exit strategies and whether the Company has more than one investment, the Board took into consideration the fact that all subsidiaries were formed in connection with the Company in order to hold investments on behalf of the Company.

(b) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Company and its subsidiaries at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rate at the date on which the fair value was determined.

Foreign currency differences arising on translation are recognised in profit or loss as net foreign exchange gain or loss, except for those arising on financial instruments at fair value through profit or loss ("FVTPL"), which are recognised as a component of net changes in fair value of financial instruments at FVTPL.

Notes to the Condensed Interim Financial Statements (Continued)

For the six-month period ended 30 June 2019

3. Summary of Significant Accounting Policies (Continued)

(c) Financial assets and financial liabilities

(i) Recognition and initial measurement

The Company initially recognises financial assets and financial liabilities at FVTPL on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they are originated.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that they are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement

Classification of financial assets

On initial recognition, the Company classifies financial assets as measured at amortised cost or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest.

All other financial assets of the Company are measured at FVTPL.

Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

The Company has determined that it has two business models.

- Held-to-collect business model: this includes cash and cash equivalents, balances due from brokers and other receivables. These financial assets are held to collect contractual cash flow.
- Other business model: this includes debt securities, equity investments and unlisted private equities. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

Notes to the Condensed Interim Financial Statements (Continued)

For the six-month period ended 30 June 2019

3. Summary of Significant Accounting Policies (Continued)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition unless the Company are to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

Subsequent measurement of financial assets

- Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income and expense and foreign exchange gains and losses, are recognised in profit or loss in "net income from instruments at FVTPL" in statement of comprehensive income.

- Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. Interest income is recognised in "interest income calculated by using the effective interest method", foreign exchange gains and losses are recognised in "net foreign exchange loss" and impairment is recognised in "impairment losses on financial instruments" in the statement of comprehensive income. Any gain or loss on derecognition is also recognised in profit and loss.

Cash and cash equivalent, balances due from brokers and other receivables are included in this category.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial liabilities at amortised cost: This includes balances due to brokers, borrowings and accounts payable and accruals.

(iii) Fair value measurement

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

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

Notes to the Condensed Interim Financial Statements (Continued)

For the six-month period ended 30 June 2019

3. Summary of Significant Accounting Policies (Continued)

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

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

(iv) Amortised cost measurement

The 'amortised cost' of a financial asset or liability is the amount at which the financial asset or financial liability is measured on initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

(v) Impairment

The Company recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for following, which are measured at 12-month ECLs:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Notes to the Condensed Interim Financial Statements (Continued)

For the six-month period ended 30 June 2019

3. Summary of Significant Accounting Policies (Continued)

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of a debtor;
- a breach of contract such as a default or being more than 90 days past due; or
- it is probable that the debtor will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

(vi) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit and loss. Any interest in such transferred financial assets that is created or created or retained by the Company is recognised as a separate asset or liability.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all substantially all if the risks and the rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all of the risks and rewards include sale and purchase transactions.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(vii) Offsetting

Financial assets and 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 either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis for gains and losses from financial instruments at FVTPL and foreign exchange gains and losses.

(d) Cash and cash equivalents

Cash and cash equivalents comprise deposits with banks and highly liquid financial assets with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value and are used by the Company in the management of short-term commitments, other than cash collateral provided in respect of derivatives and securities borrowing transactions.

Notes to the Condensed Interim Financial Statements (Continued)

For the six-month period ended 30 June 2019

3. Summary of Significant Accounting Policies (Continued)

(e) Share capital

Issuance of share capital

Management Shares and Ordinary Shares are classified as equity. The difference between the issued price and the par value of the shares less any incremental costs directly attributable to the issuance of shares is credited to share premium.

Repurchase of Ordinary Shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Par value of repurchased shares is presented as deductions from share capital and the excess over par value of repurchased shares is presented as deductions from share premium. When repurchased shares are sold or reissued subsequently, the amount received is recognised as an increase in share capital and share premium similar with issuance of share capital.

(f) Segment reporting

The Company is organised and operates as one operating segment – investment in equity securities in Vietnam. Consequently, no segment reporting is provided in the Company's financial statements.

(g) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(h) Interest Income

Interest income, including interest income from non-derivative financial assets at fair value through profit or loss, are recognised in profit or loss, using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts, without consideration of future credit losses, over the expected life of the financial instrument or through to the next market based repricing date to the net carrying amount of the financial instrument on initial recognition.

Interest received or receivable are recognised in profit or loss as interest income.

(i) Dividend income

Dividend income is recognised in profit or loss on the date on which the right to receive payment is established. For quoted equity securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date on which the shareholders approve the payment of a dividend.

Dividend income from equity securities designated as at fair value through profit or loss is recognised in profit or loss in a separate line item.

(j) Net income from financial instruments at fair value through profit or loss

Net income from financial instruments at fair value through profit or loss include all realised and unrealised fair value changes and foreign exchange differences, but excludes interest and dividend income, and dividend expense on securities sold short.

Net realised gain/loss from financial instruments at fair value through profit or loss is calculated using the weighted average cost method.

(k) Expenses

All expenses, including management fees and incentive fees, are recognised in profit or loss on an accrual basis.

Notes to the Condensed Interim Financial Statements (Continued)

For the six-month period ended 30 June 2019

3. Summary of Significant Accounting Policies (Continued)

(l) Basic earnings per share and Net Asset Value per share

The Company presents basic earnings per share ("EPS") for its Ordinary Shares. Basic EPS is calculated by dividing net profit or loss attributable to the Ordinary Shareholders by the weighted average number of Ordinary Shares outstanding during the period. The Company did not have potentially dilutive shares as of 30 June 2019 and 2018.

Net asset value ("NAV") per share is calculated by dividing the NAV attributable to the Ordinary Shareholders by the number of outstanding Ordinary Shares as at the reporting date. NAV is determined as total assets less total liabilities. Where Ordinary Shares have been repurchased, NAV per share is calculated based on the assumption that those repurchased Ordinary Shares have been cancelled.

(m) Related parties

A party is considered to be related to the Company if:

a) The party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Company; (ii) has an interest in the Company that gives it significant influence over the Company, or (iii) has joint control over the Company;

b) The party is an associate;

c) The party is a jointly controlled entity;

d) The party is a member of the key management personnel of the Company;

e) The party is a close member of the family of any individual referred to in (a) or (d);

f) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

g) The party is a post-employment benefit plan for the benefit of the employees of the Company, or of any entity that is related party of the Company.

Other investment companies/funds under the management of Dragon Capital Investment Management Limited, the parent company of the Investment Manager, or entities of Dragon Capital Group Limited (including Ho Chi Minh City Securities Corporation ("HSC") and Vietnam Investment Fund Management Joint Stock Company ("VFM") and its funds under management) are also considered related parties to the Company.

4. Transactions with Related Parties

Dominic Scriven O.B.E., a Non-executive Director of the Company, is a beneficial shareholder of the Company, holding 36,423 Ordinary Shares of the Company as at 30 June 2019 (31 December 2018: 36,423 Ordinary Shares). Dominic Scriven O.B.E also has indirect interests in the share capital of the Company as he is a shareholder of Dragon Capital Group Limited, the parent company of Dragon Capital Limited which holds the Management Shares of the Company. Dragon Capital Group Limited is also the ultimate parent company of Enterprise Investment Management Limited, the Investment Manager of the Company and Dragon Capital Markets Limited. As at 30 June 2019, Dragon Capital Markets Limited beneficially held 2,700,359 Ordinary Shares of the Company for investment and proprietary trading purposes (31 December 2018: 2,700,359 Ordinary Shares).

Gordon Lawson, a Director of the Company, is a beneficial shareholder of the Company, holding 25,000 Ordinary Shares of the Company as at 30 June 2019 (31 December 2018: 25,000 Ordinary Shares).

During the period, the Directors, with exception of Dominic Scriven O.B.E, earned US$80,917 (six-month period ended 30 June 2018: US$64,294) for their participation on the Board of Directors of the Company.

During the period, total broker fees paid to HSC – an associate of Dragon Capital Group Limited and one of the securities brokers of the Company and its subsidiaries – amounted to US$104,292 (six-month period ended 30 June 2018: US$126,332). As at 30 June 2019, there was no broker fee payable to this broker (31 December 2018: nil).

Notes to the Condensed Interim Financial Statements (Continued)

For the six-month period ended 30 June 2019

5. Financial Assets at Fair Value through Profit or Loss

	30 June 2019	31 December 2018
	US$	US$
Directly held investments (a)	629,743,261	613,929,733
Investments in subsidiaries (b)	827,115,073	858,822,053
	1,456,858,334	**1,472,751,786**

(a) The cost and carrying value of directly held listed and unlisted investments of the Company were as follows:

	30 June 2019	31 December 2018
	US$	US$
Listed investments:		
Investments, at cost	493,690,698	474,416,747
Unrealised gains	125,495,101	128,968,867
At carrying value	619,185,799	603,385,614
Unlisted investments:		
Investments, at cost	14,911,125	14,911,125
Unrealised losses	(4,353,663)	(4,367,006)
At carrying value	10,557,462	10,544,119
	629,743,261	**613,929,733**

Movements of investments directly held by the Company during the period were as follows:

	Six-month period ended	
	30 June 2019	30 June 2018
	US$	US$
Opening balance	613,929,733	547,011,237
Purchases	87,948,964	269,378,513
Sales	(68,675,013)	(79,516,933)
Unrealised losses	(3,460,423)	(86,971,194)
Closing balance	**629,743,261**	**649,901,623**

(b) Investments in subsidiaries are fair valued at the subsidiary's net asset value with the significant part being attributable to the underlying investment portfolio. The underlying investment portfolio is valued under the same methodology as directly held investments of the Company, with any other assets or liabilities within subsidiaries fair valued in accordance with the Company's accounting policies. All cash flows to/from subsidiaries are treated as an increase/decrease in the fair value of the subsidiary.

Notes to the Condensed Interim Financial Statements (Continued)

For the six-month period ended 30 June 2019

5. Financial Assets at Fair Value through Profit or Loss (Continued)

The net assets of the Company's subsidiaries comprised:

	30 June 2019	31 December 2018
	US$	US$
Cash and cash equivalents	4,878,980	19,208,229
Financial assets at fair value through profit or loss (c)	820,455,701	848,094,361
Other receivables	1,503,997	621,972
Balances due from brokers	276,395	683,779
Total assets	**827,115,073**	**868,608,341**
Balances due to brokers	-	9,786,288
Total liabilities	**-**	**9,786,288**
Net assets	**827,115,073**	**858,822,053**

Movements in the carrying value of investments in subsidiaries during the period were as follows:

	Six-month period ended	
	30 June 2019	30 June 2018
	US$	US$
Opening balance	858,822,053	1,055,649,982
Net cash flows from subsidiaries	(41,766,296)	(88,510,991)
Fair value movements in investments in subsidiaries	10,059,316	(59,498,636)
Closing balance	**827,115,073**	**907,640,355**

(c) The cost and carrying value of underlying financial assets at FVTPL held by the Company's subsidiaries were as follows:

	30 June 2019	31 December 2018
	US$	US$
Listed investments:		
Investments, at cost	588,850,461	600,418,009
Unrealised gains	229,063,629	245,016,873
At carrying value	817,914,090	845,434,882
Unlisted investments:		
Investments, at cost	3,083,797	3,083,797
Unrealised losses	(542,186)	(424,318)
At carrying value	2,541,611	2,659,479
	820,455,701	**848,094,361**

Notes to the Condensed Interim Financial Statements (Continued)

For the six-month period ended 30 June 2019

5. Financial Assets at Fair Value through Profit or Loss (Continued)

Movements of investments held by the Company's subsidiaries during the period were as follows:

	Six-month period ended	
	30 June 2019	30 June 2018
	US$	US$
Opening balance	848,094,361	1,018,259,850
Purchases	63,707,730	146,379,103
Sales	(75,275,278)	(138,197,577)
Unrealised losses	(16,071,112)	(136,834,901)
Closing balance	**820,455,701**	**889,606,475**

(d) Investment portfolio by sector was as follows:

	30 June 2019		31 December 2018	
	US$	%	US$	%
Real Estate & Construction	438,044,952	30	430,649,308	29
Banking	291,163,865	20	292,333,761	20
Retail	168,656,275	11	93,600,200	9
Foods & Beverages	99,989,678	7	138,642,996	9
Material & Resources	74,912,739	5	68,688,843	6
Energy	68,253,787	5	40,790,946	5
Software & Services	66,902,683	5	42,547,974	3
Others	69,046,851	4	124,835,989	5
Transportation	58,575,293	4	76,039,504	4
Diversified Financials	53,381,682	4	74,205,688	5
Consumer Durables	46,051,339	3	63,278,411	3
Pharmaceuticals	21,879,190	2	27,138,166	2
	1,456,858,334	**100**	**1,472,751,786**	**100**

(e) Restrictions

The Company receives income in the form of dividends from its investments in unconsolidated subsidiaries and there are no significant restrictions on the transfer of funds from these entities to the Company.

(f) Support

The Company provides or receives ongoing support to/from its subsidiaries for the purchase/sale of portfolio investments. During the period, the Company received support from its unconsolidated subsidiaries as noted in Note 5(b). The Company has no contractual commitments or current intentions to provide any other financial or other support to its unconsolidated subsidiaries.

Notes to the Condensed Interim Financial Statements (Continued)

For the six-month period ended 30 June 2019

6. Balances Due from/Due to Brokers

	30 June 2019	31 December 2018
	US$	US$
Sale transactions awaiting settlement	329,867	516,059
Purchase transactions awaiting settlement	1,228,178	3,788,426

In accordance with the Company's policy of trade date accounting for regular sale and purchase transactions, sale transactions awaiting settlement represent amounts receivable for securities sold and purchase transactions awaiting settlement represent amounts payable for securities purchased, but not yet settled as at the reporting date.

7. Cash and Cash Equivalents

	30 June 2019	31 December 2018
	US$	US$
Cash in banks	6,349,179	32,791,633

8. Borrowings

	30 June 2019	31 December 2018
	US$	US$
Standard Chartered Bank – Singapore Branch		
Secured Bank Loan	20,000,000	60,000,000

Movements of short-term borrowings during the period were as follows:

	Six-month period ended	
	30 June 2019	30 June 2018
	US$	US$
Opening balance	60,000,000	80,000,000
Additions	40,000,000	-
Repayments	(80,000,000)	-
Closing balance	**20,000,000**	**80,000,000**

Terms and conditions of outstanding short-term borrowings are as follows:

			30 June 2019	
	Interest rate per annum	Date of maturity	Nominal value	Carry amount
	%		US$	US$
Secured Bank Loan	4.588	17 July 2019	20,000,000	20,000,000

As at 30 June 2019, the bank loans were secured over the Company's investments with total carrying value of US$225,183,437 (31 December 2018: US$214,551,241).

These loans are rolled over subsequent to the date of maturity.

Notes to the Condensed Interim Financial Statements (Continued)
For the six-month period ended 30 June 2019

9. Accounts Payable and Accruals

	30 June 2019	31 December 2018
	US$	US$
Management fees	2,151,617	2,405,644
Administration fees	162,677	159,239
Other payables	1,130,481	252,630
	3,444,775	2,817,513

10. Issued Share Capital and Share Premium

	30 June 2019	31 December 2018
	US$	US$
Authorised:		
500,000,000 Ordinary Shares at par value of US$0.01 each	5,000,000	5,000,000
300,000,000 Conversion Shares at par value of US$0.01 each	3,000,000	3,000,000
1,000 Management Shares at par value of US$0.01 each	10	10
	8,000,010	**8,000,010**
Issued and fully paid:		
220,920,746 Ordinary Shares at par value of US$0.01 each (31 December 2018: 220,920,746 Ordinary Shares at par value of US$0.01 each)	2,209,207	2,209,207
1,000 Management Shares at par value of US$0.01 each	10	10
	2,209,217	**2,209,217**
Treasury Shares:		
Ordinary Shares	(20,383)	(13,409)
Shares in circulation:		
Ordinary Shares	2,188,824	2,195,798
Management Shares	10	10
Outstanding issued share capital in circulation	**2,188,834**	**2,195,808**

Holders of Ordinary Shares present in person or by proxy or by authorised representative shall have one vote and, on a poll, every holder of Ordinary Shares present in person or by proxy or by authorised representative shall have one vote for every Ordinary Share of which he is the registered holder. The Ordinary Shares carry rights to dividends as set out in Articles 106 to 114 of the Articles. In a winding up, the Ordinary Shares carry a right to a return of the nominal capital paid up in respect of such Ordinary Shares, and the right to share in the manner set out in the Articles in surplus assets remaining after the return of the nominal capital paid up on the Ordinary Shares and Management Shares, provided that in a winding up the assets available for distribution among the members are more than sufficient to repay the whole of the nominal capital paid up at the commencement of the winding up. No holder of Ordinary Shares has the right to request the redemption of any of his Ordinary Shares at his option or to require his Ordinary shares to be redeemed by the Company. The Company may, in its complete discretion, consider requests from holders of Ordinary Shares to have their Ordinary Shares redeemed by the Company. The Company may also, from time to time, repurchase its shares, including fraction of shares.

Notes to the Condensed Interim Financial Statements (Continued)

For the six-month period ended 30 June 2019

10. Issued Share Capital and Share Premium (Continued)

The Conversion Shares carry the exclusive right to dividends in respect of assets attributable to the Conversion Shares, in accordance with the provisions of Articles 106 to 114. No dividend or other distribution shall be declared, made or paid by the Company on any of its shares by reference to a record date falling between the Calculation Date and the Conversion Date as set out in the Articles. The new Ordinary Shares to be issued on conversion shall rank in full pari passu with the existing Ordinary Shares for all dividends and other distributions with a record date falling after the conversion date. In order for the holder of the Conversion Shares to participate in the winding up of the Company, the Conversion Shares, if any, which are in existence at the date of the winding up of the Company will for all purposes be deemed to have been automatically converted into Ordinary Shares and Deferred Shares immediately prior to the winding up, on the same basis as if conversion had occurred 28 business days after the calculation date arising as a result of the resolution or the court to wind up the Company.

Until conversion, the consent of the holders of the Conversion Shares voting as a separate class and the holders of the Ordinary Shares voting as a separate class shall be required in accordance with the provisions of Article 14 to effect any variation or abrogation in their respective class rights.

During the period, no Conversion Shares were in issue, and no Conversion Shares were in issue as at 30 June 2019 and 31 December 2018.

The Management Shares shall not be redeemed by the Company, and do not carry any right to dividends. In a winding up, Management Shares are entitled to a return of paid up nominal capital out of the assets of the Company, but only after the return of nominal capital paid up on Ordinary Shares. The Management Shares each carry one vote on a poll. The holders of the Management Shares have the exclusive right to appoint two individuals to the Board.

As at 30 June 2019 and 31 December 2018, the following shareholders owned more than 10 percent of the Company's issued Ordinary Share capital.

	Number of Ordinary Shares held	% of total Ordinary Shares in issue
Registered shareholders		
Computershare Investor Services PLC (*)	220,920,746	100%

(*) Computershare Investor Services PLC acts as depositary in respect of a facility for the issue of depositary interest representing the Company's Ordinary Shares.

Movements in Ordinary Share capital during the period were as follows:

	Six-month period ended 30 June 2019		Six-month period ended 30 June 2018	
	Shares	US$	Shares	US$
Balance at the beginning of the period	219,579,878	2,195,798	220,125,680	2,201,256
Repurchase of Ordinary Shares during the period	(697,398)	(6,974)	(545,802)	(5,458)
Balance at the end of the period	**218,882,480**	**2,188,824**	**219,579,878**	**2,195,798**

Movements in share premium during the period were as follows:

	Six-month period ended 30 June 2019	Six-month period ended 30 June 2018
	US$	US$
Balance at the beginning of the period	556,891,643	560,096,358
Repurchase of Ordinary Shares during the period	(3,894,704)	(3,204,715)
Balance at the end of the period	**552,996,939**	**556,891,643**

Notes to the Condensed Interim Financial Statements (Continued)

For the six-month period ended 30 June 2019

11. Net Asset Value per Ordinary Share

The calculation of the NAV per Ordinary Share was based on the net assets attributable to the Ordinary Shareholders of the Company as at 30 June 2019 of US$1,439,339,291 (31 December 2018: US$1,440,021,968) and the number of outstanding Ordinary Shares in issue as at that date of 218,882,480 shares (31 December 2018: 219,579,878 Original shares).

12. Fees

The management, administration and custodian fees are calculated based on the NAV of the Company.

Administration fees

Prior to 30 September 2018, Standard Chartered Bank (the “Administrator”) was entitled to receive a fee of 0.06% of the gross assets per annum. With effect from 1 October 2018, this fee is calculated at 0.048% of the gross assets per annum. Administration fees are payable monthly in arrears and subject to a minimum monthly fee of US$4,000 per fund. During the period, total administration fees amounted to US$467,865 (six-month period ended 30 June 2018: US$693,730). As at 30 June 2019, an administration fee of US$162,677 (31 December 2018: US$159,239) was payable to the Administrator.

Custodian fees

Standard Chartered Bank (the “Custodian”) is entitled to receive a fee of 0.04% (six-month period ended 30 June 2018: 0.05%) of the assets under custody per annum, payable monthly in arrears and subject to a minimum monthly fee of US$500 per custody account. In addition, the Custodian is entitled to US$20 per listed transaction and US$10 per scriptless securities. During the period, total custodian fees amounted to US$391,163 (six-month period ended 30 June 2018: US$513,937). There were no custodian fees payable as at 30 June 2019 and 31 December 2018.

Directors’ fees

During the period, total directors’ fees amounted to US$80,917 (six-month period ended 30 June 2018: US$64,294). As at 30 June 2019, a director fee of US$39,667 (31 December 2018: nil) remained payable to the Directors. Dominic Scriven O.B.E has permanently waived his rights to receive directors’ fees for his services as Director of the Company.

Management fees

Prior to 1 August 2017, the Investment Manager was entitled to receive a management fee equal to 2% per annum of the NAV, accrued daily and payable monthly in arrears. With effect from 1 August 2017, the management fee is calculated and accrued daily on the following basis:

- 2% per annum on the first US$1.25 billion of the NAV;
- 1.75% per annum on the portion of the NAV in excess of US$1.25 billion and less than or equal to US$1.5 billion; and
- 1.5% per annum on the portion of the NAV above US$1.5 billion.

During the period, total management fees amounted to US$13,926,197 (six-month period ended 30 June 2018: US$15,944,784). As at 30 June 2019, a management fee of US$2,151,617 (31 December 2018: US$2,405,644) remained payable to the Investment Manager.

Audit and related fees

During the period, included in the legal and professional fees of the Company was audit fees amounted to US$30,405 (six-month period ended 30 June 2018: US$22,000) paid to the auditor, KPMG Limited. In addition, advisory fees payable to KPMG USA were US$14,712 for the six-month period ended 30 June 2019 (six-month period ended 2018: US$29,010).

13. Income Tax

Under the current law of the Cayman Islands and the British Virgin Islands, the Company and its subsidiaries are not required to pay any taxes in the Cayman Islands or the British Virgin Islands on either income or capital gains and no withholding taxes will be imposed on distributions by the Company to its shareholders or on the winding-up of the Company.

Notes to the Condensed Interim Financial Statements (Continued)

For the six-month period ended 30 June 2019

13. Income Tax (Continued)

In accordance with Circular No. 103/2014/TT-BTC issued by the Ministry of Finance of Vietnam taking effective from 1 October 2014 proving guidelines on the fulfilment of tax obligations of foreign entities, foreign individuals doing business in Vietnam or earning income in Vietnam, the Company is subject to 0.1% withholding tax on proceeds from transferring certificates of deposits, shares of public companies in accordance with the Law on Securities and 5% withholding tax on the interest received from any Vietnamese companies. Dividends remitted by Vietnamese investee companies to foreign corporate investors are not subject to withholding taxes.

See Note 15(C) for further details.

14. Basic Earnings/(Losses) per Ordinary Share

The calculation of basic earnings/(losses) per Ordinary Share for the period was based on the net profit for the period attributable to the Ordinary Shareholders of US$3,219,001 (six-month period ended 30 June 2018: net losses of US$55,406,276) and the weighted average number of Ordinary Shares outstanding of 219,450,905 shares (six-month period ended 30 June 2018: 220,087,360 shares) in issue during the period.

(a) Net profits/(losses) attributable to the Ordinary Shareholders

	Six-month period ended	
	30 June 2019	30 June 2018
	US$	US$
Net profits/(losses) attributable to the Ordinary Shareholders	3,219,001	(55,406,276)

(b) Weighted average number of Ordinary Shares

	Six-month period ended	
	30 June 2019	30 June 2018
	US$	US$
Issued Ordinary Shares at the beginning of the period	219,579,878	220,125,680
Effect of Ordinary Shares repurchased during the period	(128,973)	(38,320)
Weighted average number of Ordinary Shares	219,450,905	220,087,360

(c) Basic earnings/(losses) per Ordinary Share

	Six-month period ended	
	30 June 2019	30 June 2018
	US$	US$
Basic earnings/(losses)per Ordinary Share	0.01	(0.25)

15. Financial Risk Management and Uncertainty

A. Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Company as at and for the year ended 31 December 2018.

B. Fair values of financial assets and liabilities

(i) Valuation model

The fair values of financial instruments that are traded in active markets are based on quoted prices or broker price quotations. For all other financial instruments, the Company determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Notes to the Condensed Interim Financial Statements (Continued)

For the six-month period ended 30 June 2019

15. Financial Risk Management and Uncertainty (Continued)

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

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

The Company makes its investments through wholly owned subsidiaries, which in turn own interests in various listed and unlisted equity and debt securities. The net asset value of the subsidiaries is used for the measurement of fair value. The fair value of the Company's underlying investments however is measured in accordance with the valuation methodology which is in consistent with that for directly held investments.

(ii) Fair value hierarchy – Financial instruments measured at fair value

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

As at 30 June 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
	US$	**US$**	**US$**	**US$**
Financial assets at fair value through profit or loss				
• Listed investments	619,185,799	-	-	619,185,799
• Unlisted investments	-	3,883,286	6,674,176	10,557,462
• Investments in subsidiaries	-	-	827,115,073	827,115,073
	619,185,799	**3,883,286**	**833,789,249**	**1,456,858,334**

As at 31 December 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
	US$	**US$**	**US$**	**US$**
Financial assets at fair value through profit or loss				
• Listed investments	603,385,614	-	-	603,385,614
• Unlisted investments	-	4,063,376	6,480,743	10,544,119
• Investments in subsidiaries	-	-	858,822,053	858,822,053
	603,385,614	**4,063,376**	**865,302,796**	**1,472,751,786**

Notes to the Condensed Interim Financial Statements (Continued)

For the six-month period ended 30 June 2019

15. Financial Risk Management and Uncertainty (Continued)

The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements in three levels of the fair value hierarchy.

	Level 1		Level 2		Level 3	
	Six-month period ended		Six-month period ended		Six-month period ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	US$	US$	US$	US$	US$	US$
Opening balance	603,385,614	496,641,848	4,063,376	50,369,389	865,302,796	1,055,649,982
Transfer from level 2 to level 1	-	28,378,036	-	(28,378,036)	-	-
Purchases	87,948,964	259,271,422	-	10,107,091	-	-
Sales	(68,675,013)	(79,516,933)	-	-	-	-
Net cashflows from subsidiaries	-	-	-	-	(41,766,296)	(88,510,991)
Unrealised (losses)/ gains recognised in profit or loss	(3,473,766)	(91,714,151)	(180,090)	4,742,957	10,252,749	(59,498,636)
Closing balance	619,185,799	613,060,222	3,883,286	36,841,401	833,789,249	907,640,355
Total unrealised (losses)/gains for the year included in net changes in fair value of financial assets at fair value through profit or loss	(3,473,766)	(91,714,151)	(180,090)	4,742,957	10,252,749	(59,498,636)

The Company invests substantially all of its assets in its subsidiaries together with which it is managed as an integrated structure. The Directors decided that the objectives of IFRS 7 ***Financial Instruments: Disclosures*** are met by providing disclosures on the fair value hierarchy of the underlying investments held by the subsidiaries.

	Level 1		Level 2		Level 3	
	Six-month period ended		Six-month period ended		Six-month period ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	US$	US$	US$	US$	US$	US$
Opening balance	793,117,240	899,063,899	54,977,121	119,195,951	-	-
Purchases	63,707,730	138,900,873	-	7,478,230	-	-
Sales	(75,275,278)	(138,197,577)	-	-	-	-
Unrealised (losses)/ gains	(15,953,244)	(144,524,123)	(117,868)	7,689,222	-	-
Closing balance	765,596,448	755,243,072	54,859,253	134,363,403	-	-
Total unrealised (losses)/gains included in net changes in fair value of financial assets at fair value through profit or loss	(15,953,244)	(144,524,123)	(117,868)	7,689,222	-	-

Notes to the Condensed Interim Financial Statements (Continued)

For the six-month period ended 30 June 2019

15. Financial Risk Management and Uncertainty (Continued)

C. Uncertainty

Although the Company and its subsidiaries are incorporated in the Cayman Islands and the British Virgin Islands, respectively, where tax is exempt, their activities are primarily focused on Vietnam. In accordance with the prevailing tax regulations in Vietnam, if an entity was treated as having a permanent establishment, or as otherwise being engaged in a trade or business in Vietnam, income attributable to or effectively connected with such permanent establishment or trade or business may be subject to tax in Vietnam. As at the date of this report the following information is uncertain:

- Whether the Company and its subsidiaries are considered as having permanent establishments in Vietnam;
- The amount of tax that may be payable, if the income is subject to tax; and
- Whether tax liabilities (if any) will be applied retrospectively.

The implementation and enforcement of tax regulations in Vietnam can vary depending on numerous factors, including the identity of the tax authority involved. The administration of laws and regulations by government agencies may be subject to considerable discretion, and in many areas, the legal framework is vague, contradictory and subject to different and inconsistent interpretation. The Directors believe that it is unlikely that the Company will be exposed to tax liabilities in Vietnam.

16. Seasonal or Cycilical Factors

The Company's results for the six-month periods ended 30 June 2019 and 2018 are not subject to any significant seasonal or cyclical factors.

17. Subsequent Events

There is no significant subsequent event of the Company up to date of this report.

18. Approval of the Financial Statements

The condensed interim financial statements were approved and authorised for issue by the Board of Directors on 9 September 2019.

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