

INTERIM REPORT 2020

Vietnam Enterprise Investments Limited



DRAGON CAPITAL



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Chair's Statement

Dear Shareholders,

The global economy experienced unprecedented disruption in the first half of 2020 due to COVID-19, and Vietnam was no exception. Economic disruption peaked in April with intensive social distancing in major cities and temporary closures of non-essential businesses. However, the country's rapid response to the virus; with early border closures, extensive tracking of infections, and isolation of potentially exposed individuals, insulated it effectively from the devastating impact affecting other countries. Thanks to its prompt actions, Vietnam had only a few hundred cases of the virus. This allowed the country to gradually re-open its economy from mid-April, and since then there have been strong signs of recovery.

Vietnam's GDP grew by 1.81% in the first six months of the year, which compared with its Asian peers whose growth rates were negative, was

outstanding. The services sector contracted by 1.76% compared to the year before, while the industrial and agriculture sectors both rose by 1.38% and 1.72% respectively. Manufacturing led Vietnam's rally, with the June PMI rising to 51.1 from 43.7 in May, while IIP surged from -3.1% to 7.0%. The rebound in supply was coupled with improving demand from consumers, with retail sales up 5.3% year-on-year despite a complete lack of international tourism. Total trade value recovered strongly, rising from -17% year-on-year in May to 1.7% in June, driven by strong imports, up 5.7%, although exports were slightly impacted by disruptions in global supply chains. The measures put in place by the country also had a positive impact on inflation, which remains under control at 4.0%. Vietnam's currency also appreciated slightly in June to recoup almost all its losses for the year, making the Vietnamese Dong

one of the least volatile currencies amongst its peer set.

With stock market volatility plaguing all markets in the first half of the year, Vietnam proved itself resilient in the face of the global pandemic. Foreign outflows began in February when the global spread of COVID-19 prompted panic selling around the world, with net foreign selling peaking in March at US\$336 million. However, companies responded well to the challenge at hand, announcing share buybacks worth around US\$320 million, a catalyst which led domestic investors to re-engage in the market. These buybacks clearly indicated that Vietnamese companies were confident of their businesses, had ample cash flows and reserves, at the same time signaling how attractive stock levels were following the market correction. Local sentiment also improved, with over 120,000 new retail accounts



Chair's Statement (Continued)

being opened in the second quarter, a two-year high. The average daily trading value of the Vietnam Index (the "VN Index") increased from US\$177 million in the first half of 2019 to US\$210 million in the first half of 2020.

In terms of our results, Vietnam Enterprise Investments Limited ("VEIL") outperformed the VN Index by 0.33% in the first half of the year. Despite the performance proximity to the VN Index, our holdings are actually quite different from the VN Index, and still retain potential upside value. In the first half of 2020, VEIL generated alpha by securing several structured exits at significant premiums, notably Power Construction JSC No 1 and Imexpharm (pharmaceutical). Our overweight holdings in thematic stocks should benefit from the post-COVID economy, such as Hoa Phat Group (steel) and Becamex (industrial parks). The underperformers were retail names that lost more than half of their value in the first quarter: Mobile World Group (VEIL's second-largest holding), Phu Nhuan Jewelry and FPT Retail, all of which have rebounded after the lockdown eased and we expect their share prices to catch up in the second half of the year.

I am especially proud to announce that VEIL continues to expand its environmental, social and governance ("ESG") program.

Investors and the market are demanding more clarity than ever before on ESG strategy from a risk mitigation and value creation perspective. As a long-term investor committed to sustainability, all investments made by VEIL are subjected to a rigorous ESG screening process adopted by our manager, the Dragon Capital Group ("DCG"). DCG created its own ESG Management System ("ESGM") with the valuable assistance of the International Finance Corporation ("IFC") to ensure that it was delivering best-in-class practices. The policies and procedures of the ESGM are applied to all of DCG's investment universe with the goal of systematically managing ESG risks throughout the investment appraisal and management processes.

With the current uncertainty surrounding COVID-19, it is difficult to accurately gauge the world's economic outlook, particularly in the short term. That said, we believe that Vietnam is relatively well positioned to recover from the disruptions caused by the virus. In addition to Vietnam having one of the best virus containment track records, the Government has taken concrete actions to boost the economy which include interest rate cuts, lifting credit growth ceilings for banks, wage support for employers, tax cuts for businesses, and increasing public investment for infrastructure development. Vietnam continues to offer one of the strongest structural

growth outlooks among developing markets, led by growth in FDI and industrialization. Our investors look to Vietnam primarily for growth and VEIL continues to identify the best companies in terms of business, balance sheets, cash flows and yields. All these factors underpin VEIL's investment approach, one that we believe will continue to deliver long-term, sustainable profits for our shareholders.

Thank you for your continued support.



Stanley Chou
Chair

Vietnam Enterprise Investments Limited
4 September 2020



Portfolio Manager's Report

Performance Overview

The first half of 2020 (1H20) has been a unique period for global equity markets with the COVID-19 pandemic dominating headlines. Vietnam's equity market was no exception, dropping to a level not seen since 2017 by the end of the first quarter before regaining some of the losses in the second quarter. VEIL too was caught in this whirlwind, ending the first half period down 13.5%, although beating its reference benchmark, the VN Index, in total return US\$ terms (the VNI TR\$), by 0.3%. The greatest contributor to VEIL's 1H20 performance was the Materials sector, as well as a couple of exits in the Pharmaceutical and Capital

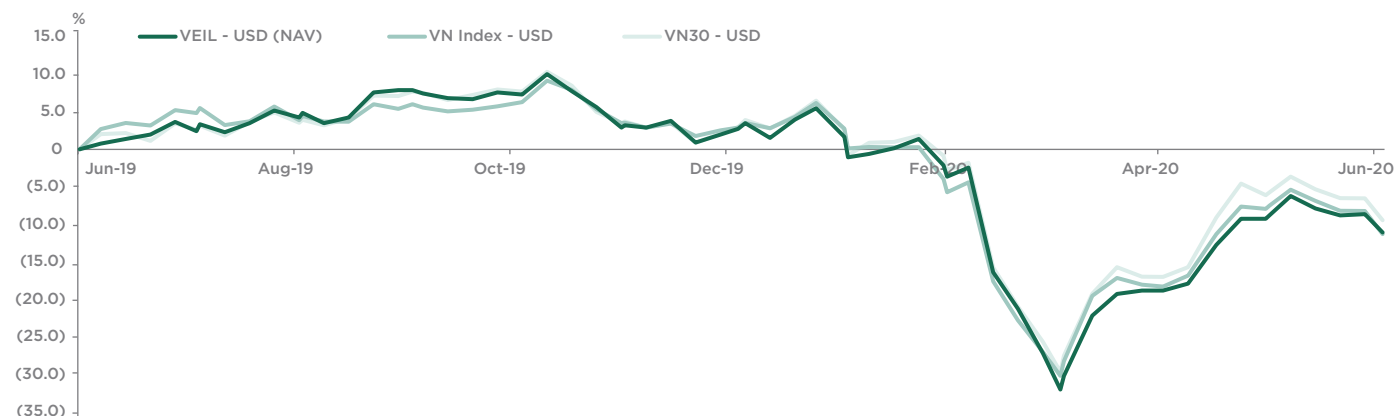
Goods sectors to strategic investors. Retailers and Aviation holdings meanwhile were hit particularly hard.

Attribution Analysis

The Materials sector was VEIL's star performer in 1H20 as Hoa Phat Group ("HPG") delivered a very respectable gain of 13.9% amidst the market meltdown. HPG, the largest steel producer in Vietnam, was VEIL's biggest contributor in the first half. HPG's performance, markedly better than expected, has resulted in a growing belief that the sector will benefit strongly from the Government's increased infrastructure spending post-COVID-19. This also coincides with HPG's gradual ramp-up in

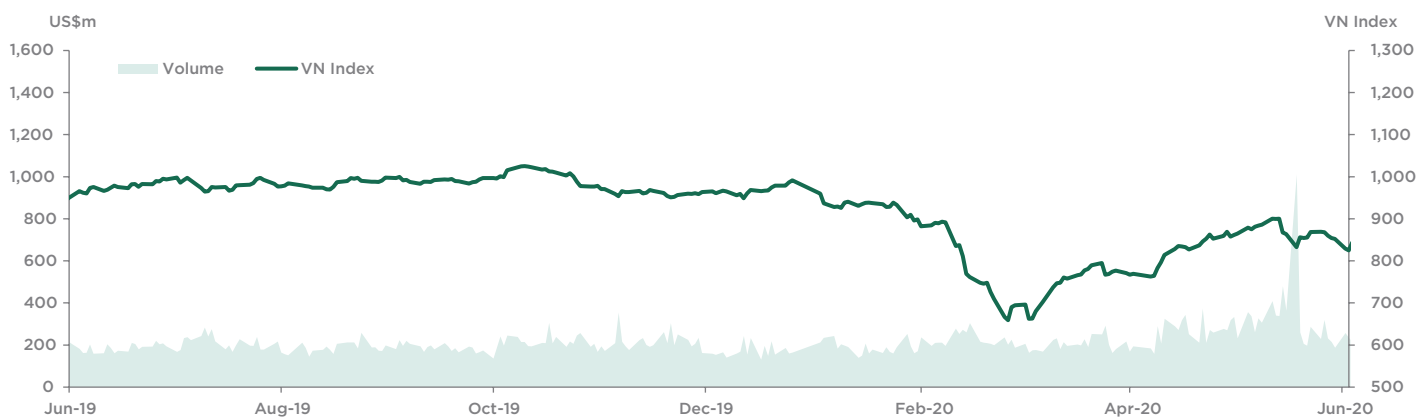
production, which should bring total sale volume this year to around 4 million tonnes. Construction steel's domestic volumes performed well in 1H20, growing 12.4% year-on-year, despite a brief but strict period of "social-distancing" in Vietnam. The company continues to gain market share, ending the half year with 31% of domestic market share compared to 26% at the end of 2019. HPG's Agriculture segment was also a surprise growth driver thanks to an extended period of strong pork prices, with revenue for the segment growing 25% while profits surged nearly 22 times, now accounts for 13% of HPG's total profit, compared with the low base witnessed in the same period in 2019. In terms

One Year Performance (% in US\$ terms)



Source: Dragon Capital, Bloomberg

VN Index Information (Rolling 3-year)



Source: Dragon Capital, Bloomberg

Portfolio Manager's Report (Continued)

of overall 1H20 performance, HPG posted total revenues up 29.6% year-on-year and Net Profit after Tax and Minorities Interest ("NPAT-MI") up an impressive 31.1% year-on-year. Whilst the COVID-19 pandemic certainly makes short-term forecasting difficult, the current macroeconomic outlook and HPG's outstanding recent track record means the prospects for the business over the next 12-18 months are incredibly exciting.

One of VEIL's major highlights in 1H20 was the team's ability to execute several deals that were in the pipeline pre-COVID. VEIL's exit in Imexpharm ("IMP"), one of the largest local pharmaceutical companies in Vietnam, was most notable, given it was the largest deal (US\$31.0 million) the team completed during the period, especially as the team secured one of the highest premiums to market price at the time the deal was closed. The company is widely regarded as one of the highest-quality manufacturers in the country. This is because it was one of the first local pharmaceutical companies to attain the GMP-EU standards. VEIL was the largest shareholder in IMP with a 22.2% stake and after a challenging period, especially following the implementation of

international travel restrictions in Vietnam, VEIL's position was successfully placed with SK Group, a Korean conglomerate. The deal was a testament to VEIL's long track record of value creation, not just in terms of the economic windfall generated for shareholders but also in terms of finding a strategic partner that shares a common vision with IMP for its next phase of growth.

Similar to IMP, VEIL's exit of Power Construction JSC No 1 ("PC1") in the Capital Goods sector was also completed at the height of the pandemic when sourcing a strategic buyer was much harder than usual. PC1 divestment was VEIL's second highest exit in terms of value (US\$17.7 million) and carried a similar premium to IMP. The company is one of the biggest and most reputable power constructors in Vietnam, in addition to owning a growing portfolio of renewable energy projects. The final buyer was a domestic conglomerate that the team believed would make an excellent fit with PC1's future growth plans as it looks to expand across the renewable energy sector.

In terms of performance drags, retailers such as Mobile World Group ("MWG") and Phu Nhuan Jewelry

("PNJ") were hit particularly hard following the announcement of a 3-week "social distancing" period which started in early April. MWG closed down 29.2% in 1H20, however, the lock-down period benefited Bach Hoa Xanh ("BHX"), MWG's grocery segment, though both other segments, its mobile phone ("TGDD") and consumer electronics ("DMX") businesses, understandably stalled. MWG took advantage of the challenges to aggressively expand BHX, as both location selection and rent negotiation became much easier. By the end of 1H20, the number of BHX stores rose 47%, from 1,008 stores at the end of 2019 to 1,486, as BHX's revenue surged 132% year-on-year in 1H20 as a result. On the other hand, combined revenues for TGDD and DMX were mostly flat year-on-year while the bottom line, by our estimates, continued to grow at around 14%. This was thanks to a combination of tight cost control measures, in addition to increasing contribution from home appliances and laptops, with the latter's revenue nearly doubling compared to last year. MWG's resilience and adaptability was perhaps most evident in its April report where the company posted a decent profit despite the lock-down. Overall, MWG still recorded an 8% growth in total revenue but with

Investment Portfolio – Ten Largest Investments

Company	Sector	Market value 30 June 2020	NAV	Total return 30 June 2020	Initial acquisition
		US\$	%	%	
Vinhomes	Real Estate & Construction	118,911,537	9.3	(11.1)	18 May 2018
Mobile World Group	Retail	116,980,441	9.2	(29.2)	3 October 2014
Asia Commercial Bank	Banking	101,918,252	8.0	(0.1)	1 December 1996
Vietcombank	Banking	96,348,986	7.6	(11.1)	7 February 2012
Hoa Phat Group	Materials & Resources	91,990,389	7.2	13.9	18 June 2009
Khang Dien House	Real Estate & Construction	76,182,088	6.0	(13.8)	19 November 2013
FPT Corp	Software & Services	54,682,334	4.3	(8.5)	3 July 2008
Military Bank	Banking	54,021,520	4.2	(20.3)	24 February 2012
Vinamilk	Food & Beverage	52,462,656	4.1	(2.1)	22 October 2003
VPBank	Banking	40,710,353	3.2	2.2	1 January 1996
Total 10 investments		804,208,556			

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

Portfolio Manager's Report (Continued)

the loss-making BHX segment now accounting for a greater portion of its top-line, 1H20's NPAT-MI was down 4%. For a company that has been enjoying growth levels north of 20% on a year-on-year basis for much of the last decade, 1H20 was certainly a strange time for MWG. Nevertheless, as the dust settles on the new normal, it is the leading players such as MWG that are best positioned to succeed, relative to their peers. MWG is in a much better position to continue expanding and consolidating market share, especially in the DMX and BHX segments.

As a jewellery retailer in the time of a pandemic, PNJ was exposed to the shifting investor sentiment that led its stock to fall 32.0% in the first 6 months of the year. That said, PNJ still posted respectable top-line number for 1H20 with revenue flat for the half though its bottom line took a much harder hit, falling 26.4% year-on-year. Looking carefully at its monthly report, PNJ rebounded

well from April's lock-down with sales from its retail segment (PNJ's own stores) up more than 20% year-on-year for both May and June, pointing to some pent-up demand. PNJ's management also used this opportunity to relocate some of its gold jewellery stores to better locations and at slightly better rents. The company also views this difficult time as an opportunity to consolidate market share by using its scale to its advantage as competitors struggle to survive. In our view, PNJ remains a top pick for a sector that plays well into the secular growth of the middle-class consumption theme in Vietnam. The difficulties that the sector faces in the short-term will likely translate to longer-term market share for the company.

As for the Aviation sector, VEIL's sole holding is the Airport Corporation of Vietnam ("ACV") which dropped 22.4%. Similar to other global aviation companies, ACV suffered from a gigantic drop in

passenger traffic. As with the entire industry, ACV's 1H20 numbers were severely impacted with revenue down 47.5% year-on-year and NPAT-MI plunging 67.7%. As Vietnam's early actions to contain the outbreak were successful, domestic air travel resumed toward the end of the second quarter with flight numbers continuing to increase. However, as a potential second wave of COVID-19 in Vietnam could be on the horizon, the outlook for air travel in the second half of this year is clouded. This quiet period however is a good time for ACV to complete essential maintenance to runways and also expand capacity via a new terminal. Looking further ahead, ACV has been selected as the investor for the new international airport at Long Thanh, which will help solve the long-term capacity issue at Ho Chi Minh City's current airport. Given ACV's strong financial health, the company is expected to pull through this exceedingly difficult time that is ravaging the wider sector. This is compounded by Vietnam's growing

Asset Allocation by Asset Class¹

	30 June 2020	31 December 2019
	%	%
Equities	97.9	97.8
OTC Equities	0.7	0.3
Cash ²	1.4	1.9
	100.0	100.0

¹ For asset allocation by sector, please see Note 5 to the Financial Statements.

² Cash includes cash and cash equivalents, receivables and payables.

Major Sector Return and Contribution

Sector	Portfolio return	VN Index return	Portfolio contribution
	%	%	%
Real Estate & Construction	(11.8)	(15.4)	(4.1)
Banking	(7.1)	(10.8)	(2.3)
Retail	(27.9)	(26.2)	(3.4)
Material & Resources	14.9	9.9	1.0
Software & Services	(8.7)	(6.6)	(0.2)
Food & Beverages	(12.6)	(12.2)	(0.7)
Consumer Durables	(32.4)	(23.9)	(1.0)
Energy	(26.0)	(23.7)	(0.8)
Transportation	(22.3)	(21.8)	(0.5)

Source: Dragon Capital, Bloomberg

Portfolio Manager's Report (Continued)

appetite for air travel, as evidenced by the surge in domestic passengers looking for local holidays as soon as the social-distancing period ended. As such ACV remains our top pick in the sector as it plays well into the consumption theme many years to come.

A noteworthy mention in terms of performance should be made to VEIL's top bank holding, Asia Commercial Bank ("ACB"). ACB, VEIL's longest-held investment having first been acquired in 1996, posted a strong pre-provisioning operating profit growth of 17.1% and a solid NPAT-MI growth of 5.5% in 1H20. The lower NPAT-MI was primarily due to a surge in provisioning expense, 4.5x times that of 1H19. This defensive move came as little surprise to most long-term investors and observers of ACB, as the bank is well-known for its conservative nature and desire to protect its pristine asset quality. Non-performing loans were broadly similar as last year at just 0.67% by the end of 1H20, amongst the lowest in the sector. The stock came in mostly flat for 1H20 but because it is not listed on the Ho Chi Minh Stock Exchange ("HoSE"), ACB's alpha contribution ended up being the third largest for VEIL relative to

its reference benchmark. That said, ACB's management announced its intention to move the listing from the current Hanoi Stock exchange to HoSE at the annual general meeting in a historic step for the bank. Given its current size, float and liquidity, it is expected ACB will eventually be included in all key indices under HoSE, such as the VN30 Index and the VN Diamond Index, and subsequently will be included in the more prominent ETFs that are tracking these indices. This passive inflow should be helpful to ACB's rerating process. The bank is currently, trading at just 6.0x times price-to-earning and 1.2x price-to-book, despite excellent fundamentals.

Outlook

The playbook for investing in both global and Vietnam equities this year has been anything but conventional. The ever shifting markets and sentiment make it a challenging landscape for investors to predict what the next six months of the year will look like. That said, early containment of the outbreak in Vietnam has enabled it to get ahead of its regional peer group, bolstering confidence in its ability to counter the risk of a second wave of COVID-19. With this backdrop,

Vietnam's investment case and the macro drivers have positioned the country well relative to its peers. Both inflation and foreign exchange rate are stable, key components of future growth. Balance of payments is in surplus, as exports continue their resilience having dropped just 1.1% in 1H20. Further to this, GDP is expected to deliver low single digit growth this year, with the hope that the recovery in manufacturing and consumption which we saw in late 2Q20, will continue well into 2H20 and beyond.

In this time of uncertainty, a return to basics is sometimes the best idea. The current weakness in the stock market is a great opportunity to pick future winners and the next market leaders. Together with its Research team, VEIL has been screening its portfolio, as well as its investment universe, for companies that are not only expected to survive the pandemic but will thrive after it. The team has been evolving VEIL's portfolio to ensure it best captures the resurgence of Vietnam's post COVID-19 economy.



Vu Huu Dien
Portfolio Manager
Vietnam Enterprise Investments
Limited
4 September 2020

Portfolio Manager

Vu Huu Dien

Dien has a master's degree in Business and Information System co-granted by the Solvay Business School of ULB (Bruxelles, Belgium) and the Ho Chi Minh City Open University. In 2000, he joined Dragon Capital as a senior analyst and later was promoted to Head of Corporate Finance and then Co-Manager of Vietnam Enterprise Investments Limited ("VEIL"), Vietnam Growth Fund Limited ("VGF") and Vietnam Dragon Fund Limited (VDF). Since 2010, he is the Portfolio Manager of VEIL and, in 2015, VGF was merged into VEIL, making VEIL the largest Vietnam-focused investment fund. He is also a Deputy CIO, leading Dragon Capital's deal origination group and helping the CIO oversee the investment team.



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.



Senior Independent Non-Executive Director (Appointed July 2014)

Gordon Lawson

Educated at Birmingham University and Cranfield Business School, Gordon worked with Salomon Brothers/Citigroup, London before founding Pendragon in 2000. He later became Chairman of Indochina Capital Vietnam plc. He is an advisor and director of various companies.



Independent Non-Executive Director (Appointed March 2011)

Derek Loh

Derek is a lawyer practicing in Singapore in the firm TSMP Law Corporation, of which he is a director. His area of legal practice is primarily construction and engineering law. He also sits on the boards of various Singapore-listed companies amongst which he undertakes various roles as the chair of the Remuneration and Nomination Committees and as a member of Audit Committees.



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 Hong Kong. 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 Hong Kong and the Philippines.



Non-Executive Director (Appointed May 1995)

Dominic Scriven O.B.E

UK-born Dominic founded Dragon Capital in 1994. A Vietnamese speaker, 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.



Annual General Meeting

Annual General Meeting Summary

The Board of Directors of the Company announced that at the Annual General Meeting of the Company held on 18 June 2020 (the "2020 AGM"), the resolutions numbered 1 to 9 in the notice of meeting for the 2020 AGM were passed by the required majority on a poll vote and the resolution numbered 10 was not passed.

Ordinary Resolutions

- (1) To receive and adopt the audited financial statements for the year ended 31 December 2019 together with the auditor's and Directors' reports thereon.
- (2) To re-appoint KPMG Ltd of Vietnam as auditor of the Company and to authorise the Board to fix their remuneration.
- (3) To re-elect Stanley Chou as a Director of the Company.
- (4) To re-elect Gordon Lawson as a Director of the Company.
- (5) To re-elect Derek Loh as a Director of the Company.
- (6) To re-elect Vi Peterson as a Director of the Company.
- (7) To re-elect Entela Benz-Saliasi as a Director of the Company.
- (8) To re-elect Dominic Scriven as a Director of the Company.
- (a) 105 per cent. of the average market value of an ordinary share in the Company for the five business days prior to the day the purchase is made; and
- (b) the higher of the price of the last independent trade and the highest current independent bid as stipulated by Regulatory Technical Standards adopted by the European Commission pursuant to Article 5 (6) of the Market Abuse Regulation; and
- (iv) the authority conferred by this resolution shall expire on 31 December 2021 or, if earlier, at the conclusion of the Company's next annual general meeting save that the Company may, before the expiry of the authority granted by this resolution, enter into a contract to purchase ordinary shares which will or may be executed wholly or partly after the expiry of such authority

Special Resolution

- (9) To authorise the Company generally and unconditionally to make market purchases of its ordinary shares of US\$0.01 each provided that:
 - (i) the maximum aggregate number of ordinary shares that may be purchased is 14.99 per cent. of issued share capital (excluding shares held in treasury as at the date of this Notice (32,657,947 shares));
 - (ii) the minimum price which may be paid for each ordinary share is US\$0.01;
 - (iii) the maximum price

- (10) To wind up the Company effective 31 December 2022.

Report of the Board of Directors

The Directors of Vietnam Enterprise Investments Limited (the “Company”) present their report and the condensed interim financial statements of the Company for the six-month period ended 30 June 2020.

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 2020 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 2020 (six-month period ended 30 June 2019: Nil).

Share Capital

Details of movements in the Company’s share capital during the period are presented in Note 9. As at 30 June 2020, the Company had 217,734,391 Ordinary Shares and 1,000 Management Shares outstanding (31 December 2019: 218,061,888 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:

- Stanley Chou – Chair

- Gordon Lawson – Senior Independent Non-Executive Director
- Derek Eu-Tse Loh
- Vi Peterson
- Entela Benz-Saliasi

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 18 June 2020 following the expiry of their respective terms. Dominic Scriven O.B.E also submitted himself for re-election and was duly re-appointed.

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 2020 (31 December 2019: 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

2020, Dragon Capital Markets Limited beneficially held 1,800,359 Ordinary Shares of the Company for investment and proprietary trading purposes (31 December 2019: 2,295,359 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 2020 (31 December 2019: 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.

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 2020, the following shareholders owned more than 10 percent of the Company’s issued Ordinary Share capital.

Bill & Melinda Gates Foundation

- Number of Ordinary Shares held: 25,128,192
- % of total Ordinary Shares in issue: 11.54%

Subsequent events

Details of the significant subsequent events of the Company are set out in Note 16 to the condensed interim financial statements.

Auditors

KPMG Limited, Vietnam

Report of the Board of Directors (Continued)

Directors' Responsibility in Respect of the 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 2020 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 2020 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 59 to 69 of the Annual Report for the year ended 31 December 2019 (Note 15 to the 2019 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
- 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 2020 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 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 at 30 June 2020, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards including the requirements of IAS 34 Interim Financial Reporting.

Signed on behalf of the Board by:



Stanley Chou
Chair
Vietnam Enterprise Investments Limited
4 September 2020

Signed on behalf of the Audit and Risk Committee by:



Gordon Lawson
Chair of the Audit and Risk Committee
Vietnam Enterprise Investments Limited
4 September 2020

Independent Auditors' Report



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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders
Vietnam Enterprise Investments Limited

Introduction

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 2020, 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 12 to 34. 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 2020 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.: 20-01-00337-20-1



Nguyễn Thanh Nghi
Deputy General Director

04 September 2020

Statement of Financial Position

As at 30 June 2020

	Note	30 June 2020 US\$	31 December 2019 US\$	Change in %
CURRENT ASSETS				
Financial assets at fair value through profit or loss	5	1,266,999,989	1,467,469,779	
Other receivables		630,764	1,140,194	
Balances due from brokers	6	337,959	77,290	
Cash and cash equivalents	7	9,084,585	9,473,320	
TOTAL ASSETS		1,277,053,297	1,478,160,583	(13.61)
CURRENT LIABILITIES				
Balances due to brokers	6	1,867,348	864,287	
Accounts payable and accruals	8	2,476,751	2,677,519	
TOTAL LIABILITIES		4,344,099	3,541,806	22.65
EQUITY				
Issued share capital	9	2,177,353	2,180,628	
Share premium	9	546,939,818	548,355,321	
Retained earnings		723,592,027	924,082,828	
TOTAL EQUITY		1,272,709,198	1,474,618,777	(13.69)
NET ASSETS ATTRIBUTABLE TO ORDINARY SHAREHOLDERS		1,272,709,198	1,474,618,777	(13.69)
NUMBER OF ORDINARY SHARES IN ISSUE	9	217,734,391	218,061,888	
NET ASSET VALUE PER ORDINARY SHARE	10	5.85	6.76	(13.46)

Approved by the Board of Directors on 4 September 2020.



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 2020

	Note	Six-month period ended 30 June 2020	Six-month period ended 30 June 2019
		US\$	US\$
INCOME			
Bank interest income		13,961	8,158
Dividend income		1,753,470	5,066,360
Net changes in fair value of financial assets at fair value through profit or loss	5	(176,218,983)	6,598,893
(Losses)/gains on disposals of investments		(11,492,923)	7,985,567
TOTAL (LOSS)/INCOME		(185,944,475)	19,658,978
EXPENSES			
Administration fees	11	(438,738)	(467,865)
Custodian fees	11	(360,194)	(391,163)
Directors' fees	11	(82,275)	(80,917)
Management fees	11	(12,810,545)	(13,926,197)
Withholding taxes		(1,922)	(1,101)
Legal and professional fees		(234,160)	(327,659)
Brokerage fee and structuring fee		(533,964)	(170,720)
Interest expenses		(349,941)	(944,531)
Other operating expenses		(55,327)	(75,037)
TOTAL EXPENSES		(14,867,066)	(16,385,190)
NET (LOSS)/PROFIT BEFORE EXCHANGE LOSSES		(200,811,541)	3,273,788
EXCHANGE GAINS/(LOSSES)			
Net foreign exchange gains/(losses)		320,740	(54,787)
(LOSS)/PROFIT BEFORE TAX		(200,490,801)	3,219,001
Income tax	12	-	-
NET (LOSS)/PROFIT AFTER TAX FOR THE PERIOD		(200,490,801)	3,219,001
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		(200,490,801)	3,219,001
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD ATTRIBUTABLE TO ORDINARY SHAREHOLDERS		(200,490,801)	3,219,001
BASIC (LOSSES)/EARNINGS PER ORDINARY SHARE	13	(0.92)	0.01

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 2020

	Issued share capital	Share premium	Retained earnings	Total
	US\$	US\$	US\$	US\$
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
Balance at 1 January 2020	2,180,628	548,355,321	924,082,828	1,474,618,777
Total comprehensive income for the period:				
Net loss for the period	-	-	(200,490,801)	(200,490,801)
Transactions with shareholders, recognised directly in equity:				
Repurchase of Ordinary Shares	(3,275)	(1,415,503)	-	(1,418,778)
Balance at 30 June 2020	2,177,353	546,939,818	723,592,027	1,272,709,198

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 2020

	Note	Six-month period ended 30 June 2020	Six-month period ended 30 June 2019
		US\$	US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit for the period		(200,490,801)	3,219,001
Adjustments for:			
Bank interest income		(13,961)	(8,158)
Bank interest expense		349,941	944,531
Dividend income		(1,753,470)	(5,066,360)
Net changes in fair value of financial assets at fair value through profit or loss		176,218,983	(6,598,893)
Losses/(gains) on disposals of investments		11,492,923	(7,985,567)
		(14,196,385)	(15,495,446)
Net cash flows from subsidiaries carried at fair value		6,758,655	41,766,296
Changes in balances due from brokers		(260,669)	186,192
Changes in balances due to brokers and accounts payable and accruals		802,293	(2,948,683)
		(6,896,106)	23,508,359
Proceeds from disposals of investments		96,528,346	76,660,580
Purchases of investments		(90,529,117)	(87,948,964)
Bank interest income received		13,961	8,158
Bank interest expense paid		(349,941)	(761,011)
Dividends received		2,262,900	5,159,925
Net cash generated from operating activities		1,030,043	16,627,047
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings		40,000,000	40,000,000
Repayments of borrowings		(40,000,000)	(80,000,000)
Repurchase of Ordinary Shares		(1,418,778)	(3,069,501)
Net cash used in financing activities		(1,418,778)	(43,069,501)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(388,735)	(26,442,454)
Cash and cash equivalents at the beginning of the period		9,473,320	32,791,633
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7	9,084,585	6,349,179

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

Notes to the Financial Statements

For the six-month period ended 30 June 2020

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. At the annual general meeting (“AGM”) held on 18 June 2020, a special resolution to wind up the Company on 31 December 2022 was put to the meeting but was not passed. Therefore, the Company will put before the AGM in 2025 a special resolution to wind up the Company being effective on 31 December 2027.

The Company had the following investments in subsidiaries and joint operation as at 30 June 2020, 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 2020 and 31 December 2019, the Company had no employees.

2. BASIS OF PREPARATION

(a) Basic of accounting

The Company’s condensed interim financial statements as at and for the six-month period ended 30 June 2020 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 2019.

(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).

(c) Functional and presentation currency

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

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2020

2. BASIS OF PREPARATION (Continued)

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 Financial Statements (Continued)

For the six-month period ended 30 June 2020

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.

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.

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 recognises its share of identifiable assets, liabilities and transactions of the joint operation. Assets, liabilities and transactions of the joint operation are accounted for in accordance with the relevant accounting policies as presented in Note 3.

(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.

(c) Financial assets and financial liabilities

(i) Recognition and initial measurement

The Company initially recognises financial assets and financial liabilities at fair value 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.

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 flows.
- *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 Financial Statements (Continued)

For the six-month period ended 30 June 2020

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 were 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.

- *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 gain/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 or loss.

Cash and cash equivalents, 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 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 Financial Statements (Continued)

For the six-month period ended 30 June 2020

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 Financial Statements (Continued)

For the six-month period ended 30 June 2020

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 or loss. Any interest in such transferred financial assets that is 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 or substantially all of the risks and 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 expired.

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 Financial Statements (Continued)

For the six-month period ended 30 June 2020

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 which is similar to the 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 listed equity securities, this is usually the ex-dividend date. For unlisted equity securities, this is usually the date on which the shareholders approve the payment of a dividend.

Dividend income from equity securities designated as at fair value through profit or loss is recognised in profit or loss 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 Financial Statements (Continued)

For the six-month period ended 30 June 2020

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 2020 and 2019.

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 2020 (31 December 2019: 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 2020, Dragon Capital Markets Limited beneficially held 1,800,359 Ordinary Shares of the Company for investment and proprietary trading purposes (31 December 2019: 2,295,359 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 2020 (31 December 2019: 25,000 Ordinary Shares).

During the period, the Directors, with exception of Dominic Scriven O.B.E, earned US\$82,275 (six-month period ended 30 June 2019: US\$80,917) 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\$153,701 (six-month period ended 30 June 2019: US\$104,292). As at 30 June 2020, the broker fee payable to this broker was US\$874 (31 December 2019: US\$1,262).

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2020

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	30 June 2020	31 December 2019
	US\$	US\$
Directly held investments (a)	539,103,411	638,021,791
Investments in subsidiaries (b)	727,896,578	829,447,988
	1,266,999,989	1,467,469,779

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

	30 June 2020	31 December 2019
	US\$	US\$
Listed investments:		
Investments, at cost	468,329,797	490,218,772
Unrealised gains	63,419,810	145,235,320
At carrying value	531,749,607	635,454,092
Unlisted investments:		
Investments, at cost	12,870,869	8,474,046
Unrealised losses	(5,517,065)	(5,906,347)
At carrying value	7,353,804	2,567,699
	539,103,411	638,021,791

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

	Six-month period ended 30 June 2020	Six-month period ended 30 June 2019
	US\$	US\$
Opening balance	638,021,791	613,929,733
Purchases	90,529,117	87,948,964
Sales	(108,021,269)	(68,675,013)
Unrealised losses	(81,426,228)	(3,460,423)
Closing balance	539,103,411	629,743,261

(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 Financial Statements (Continued)

For the six-month period ended 30 June 2020

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Continued)

The net assets of the Company's subsidiaries comprised:

	30 June 2020	31 December 2019
	US\$	US\$
Cash and cash equivalents	13,786,580	14,151,289
Financial assets at fair value through profit or loss (c)	715,425,439	808,293,291
Other receivables	611,310	1,776,595
Balances due from brokers	-	5,991,507
Total assets	729,823,329	830,212,682
Balances due to brokers	1,926,751	764,694
Total liabilities	1,926,751	764,694
Net assets	727,896,578	829,447,988

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

	Six-month period ended 30 June 2020	Six-month period ended 30 June 2019
	US\$	US\$
Opening balance	829,447,988	858,822,053
Net cash flows from subsidiaries	(6,758,655)	(41,766,296)
Unrealised (losses)/gains	(94,792,755)	10,059,316
Closing balance	727,896,578	827,115,073

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

	30 June 2020	31 December 2019
	US\$	US\$
Listed investments:		
Investments, at cost	586,314,543	579,652,391
Unrealised gains	127,258,887	226,960,342
At carrying value	713,573,430	806,612,733
Unlisted investments:		
Investments, at cost	3,083,797	3,083,797
Unrealised losses	(1,231,788)	(1,403,239)
At carrying value	1,852,009	1,680,558
	715,425,439	808,293,291

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2020

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Continued)

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

	Six-month period ended 30 June 2020	Six-month period ended 30 June 2019
	US\$	US\$
Opening balance	808,293,291	848,094,361
Purchases	107,200,323	63,707,730
Sales	(100,538,171)	(75,275,278)
Unrealised losses	(99,530,004)	(16,071,112)
Closing balance	715,425,439	820,455,701

(d) Investment portfolio by sector was as follows:

	30 June 2020		31 December 2019	
	US\$	%	US\$	%
Real Estate & Construction	404,820,912	32	528,930,805	36
Banking	395,306,097	31	312,652,181	21
Retail	134,094,488	11	165,216,625	11
Material & Resources	106,902,748	9	83,867,483	6
Software & Services	61,937,551	5	58,801,389	5
Food & Beverages	61,601,212	5	77,676,185	4
Consumer Durables	30,239,157	2	56,287,529	4
Energy	29,095,811	2	44,045,307	3
Transportation	25,849,209	2	35,825,994	2
Net monetary assets kept by subsidiaries	12,471,138	1	21,154,697	2
Diversified Financials	-	-	23,789,427	2
Pharmaceuticals	-	-	22,747,559	2
Capital Goods	-	-	11,592,901	1
Other sectors	4,681,666	1	24,881,697	1
	1,266,999,989	100	1,467,469,779	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 Financial Statements (Continued)

For the six-month period ended 30 June 2020

6. BALANCES DUE FROM/DUE TO BROKERS

	30 June 2020	31 December 2019
	US\$	US\$
Sale transactions awaiting settlement	337,959	77,290
Purchase transactions awaiting settlement	1,867,348	864,287

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 2020	31 December 2019
	US\$	US\$
Cash in banks	9,084,585	9,473,320

8. ACCOUNTS PAYABLE AND ACCRUALS

	30 June 2020	31 December 2019
	US\$	US\$
Management fees	2,298,383	2,530,565
Administration fees	79,649	84,954
Other payables	98,719	62,000
	2,476,751	2,677,519

9. ISSUED SHARE CAPITAL AND SHARE PREMIUM

	30 June 2020	31 December 2019
	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 2019: 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	(31,864)	(28,589)
Shares in circulation:		
Ordinary Shares	2,177,343	2,180,618
Management Shares	10	10
Outstanding issued share capital in circulation	2,177,353	2,180,628

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2020

9. ISSUED SHARE CAPITAL AND SHARE PREMIUM (Continued)

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.

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 2020 and 31 December 2019.

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 2020 and 31 December 2019, the following shareholders owned more than 10 percent of the Company's issued Ordinary Share capital.

	30 June 2020		31 December 2019	
	Number of Ordinary Shares held	% of total Ordinary Shares in issue	Number of Ordinary Shares held	% of total Ordinary Shares in issue
Bill & Melinda Gates Foundation	25,128,192	11.54	25,128,192	11.52

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

	Six-month period ended 30 June 2020		Six-month period ended 30 June 2019	
	Shares	US\$	Shares	US\$
Balance at the beginning of the period	218,061,888	2,180,618	219,579,878	2,195,798
Repurchase of Ordinary Shares during the period	(327,497)	(3,275)	(697,398)	(6,974)
Balance at the end of the period	217,734,391	2,177,343	218,882,480	2,188,824

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2020

9. ISSUED SHARE CAPITAL AND SHARE PREMIUM (Continued)

Movements in share premium during the period were as follows:

	Six-month period ended 30 June 2020	Six-month period ended 30 June 2019
	US\$	US\$
Balance at the beginning of the period	548,355,321	556,891,643
Repurchase of Ordinary Shares during the period	(1,415,503)	(3,894,704)
Balance at the end of the period	546,939,818	552,996,939

10. 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 2020 of US\$1,272,709,198 (31 December 2019: US\$1,474,618,777) and the number of outstanding Ordinary Shares in issue as at that date of 217,734,391 shares (31 December 2019: 218,061,888 Original Shares).

11. FEES

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

Administration fees

Standard Chartered Bank (the "Administrator") is entitled to receive a fee of 0.048% (six-month period ended 30 June 2019: 0.048%) of the gross assets per annum, 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\$438,738 (six-month period ended 30 June 2019: US\$467,865). As at 30 June 2020, an administration fee of US\$79,649 (31 December 2019: US\$84,954) 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 2019: 0.04%) 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 scripless securities. During the period, total custodian fees amounted to US\$360,194 (six-month period ended 30 June 2019: US\$391,163). There were no custodian fees payable as at 30 June 2020 and 31 December 2019.

Directors' fees

During the period, total directors' fees amounted to US\$82,275 (six-month period ended 30 June 2019: US\$80,917). As at 30 June 2020, a director fee of US\$41,025 (31 December 2019: 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

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\$12,810,545 (six-month period ended 30 June 2019: US\$13,926,197). As at 30 June 2020, a management fee of US\$2,298,383 (31 December 2019: US\$2,530,565) remained payable to the Investment Manager.

Audit and related fees

During the period, included in the legal and professional fees of the Company were audit fees amounted to US\$40,776 (six-month period ended 30 June 2019: US\$30,405) paid to the auditor, KPMG Limited. In addition, advisory fees payable to KPMG LLP were US\$14,918 for the six-month period ended 30 June 2020 (six-month period ended 2019: US\$14,712).

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2020

12. 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.

In accordance with Circular No. 103/2014/TT-BTC issued by the Ministry of Finance of Vietnam taking effective from 1 October 2014 providing 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 companies to foreign corporate investors are not subject to withholding taxes.

See Note 14(C) for further details.

13. BASIC EARNINGS/(LOSSES) PER ORDINARY SHARE

The calculation of basic (losses)/earnings per Ordinary Share for the period was based on the net loss for the period attributable to the Ordinary Shareholders of US\$200,490,801 (six-month period ended 30 June 2019: net profit of US\$3,219,001) and the weighted average number of Ordinary Shares outstanding of 217,922,293 shares (six-month period ended 30 June 2019: 219,450,905 shares) in issue during the period.

(a) Net (loss)/profit attributable to the Ordinary Shareholders

	Six-month period ended 30 June 2020	Six-month period ended 30 June 2019
	US\$	US\$
Net (loss)/profit attributable to the Ordinary Shareholders	(200,490,801)	3,219,001

13. BASIC EARNINGS/(LOSSES) PER ORDINARY SHARE (Continued)

(b) Weighted average number of Ordinary Shares

	Six-month period ended 30 June 2020	Six-month period ended 30 June 2019
	Shares	Shares
Issued Ordinary Shares at the beginning of the period	218,061,888	219,579,878
Effect of Ordinary Shares repurchased during the period	(139,595)	(128,973)
Weighted average number of Ordinary Shares	217,922,293	219,450,905

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

	Six-month period ended 30 June 2020	Six-month period ended 30 June 2019
	US\$	US\$
Basic (losses)/earnings per Ordinary Share	(0.92)	0.01

14. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY

D. 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 2019.

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2020

14. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY (Continued)

B. Fair values of financial assets and liabilities

(xv) 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.

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 consistent with that for directly held investments.

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

The table below analyses the Company's 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 2020	Level 1	Level 2	Level 3	Total
	US\$	US\$	US\$	US\$
Financial assets at fair value through profit or loss				
• Listed investments	531,749,607	-	-	531,749,607
• Unlisted investments	-	2,829,656	4,524,148	7,353,804
• Investments in subsidiaries	-	-	727,896,578	727,896,578
	531,749,607	2,829,656	732,420,726	1,266,999,989
As at 31 December 2019	Level 1	Level 2	Level 3	Total
	US\$	US\$	US\$	US\$
Financial assets at fair value through profit or loss				
• Listed investments	635,454,092	-	-	635,454,092
• Unlisted investments	-	2,567,699	-	2,567,699
• Investments in subsidiaries	-	-	829,447,988	829,447,988
	635,454,092	2,567,699	829,447,988	1,467,469,779

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2020

14. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY (Continued)

The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements of the Company 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 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	US\$	US\$	US\$	US\$	US\$	US\$
Opening balance	635,454,092	603,385,614	2,567,699	4,063,376	829,447,988	865,302,796
Purchases	86,132,294	87,948,964	-	-	4,396,823	-
Sales	(108,021,269)	(68,675,013)	-	-	-	-
Net cash flow from subsidiaries	-	-	-	-	(6,758,655)	(41,766,296)
Unrealised (losses)/gains recognised in profit or loss	(81,815,510)	(3,473,766)	261,957	(180,090)	(94,665,430)	10,252,749
Closing balance	531,749,607	619,185,799	2,829,656	3,883,286	732,420,726	833,789,249

Total unrealised (losses)/gains for the period included in net changes in fair value of financial assets at fair value through profit or loss	(81,815,510)	(3,473,766)	261,957	(180,090)	(94,665,430)	10,252,749
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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 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	US\$	US\$	US\$	US\$	US\$	US\$
Opening balance	806,612,733	793,117,240	1,680,558	54,977,121	-	-
Purchases	107,200,323	63,707,730	-	-	-	-
Sales	(100,538,171)	(75,275,278)	-	-	-	-
Unrealised (losses)/gains	(99,701,455)	(15,953,244)	171,451	(117,868)	-	-
Closing balance	713,573,430	765,596,448	1,852,009	54,859,253	-	-

Total unrealised (losses)/gains for the period included in net changes in fair value of financial assets at fair value through profit or loss	(99,701,455)	(15,953,244)	171,451	(117,868)	-	-
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Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2020

14. 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.

15. SEASONAL OR CYCLICAL FACTORS

The Company's results for the six-month period ended 30 June 2020 and 2019 are not subject to any significant seasonal or cyclical factors.

16. SUBSEQUENT EVENTS

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

17. APPROVAL OF THE FINANCIAL STATEMENTS

The condensed interim financial statements were approved and authorised for issue by the Board of Directors on 4 September 2020.

Corporate Information

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Company Secretary

Maples Secretaries (Cayman) Limited

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Administrator and Offshore Custodian

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Vietnam Custodian

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Auditors

KPMG Limited

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