

DRAGON CAPITAL



Interim Report 2021

Vietnam Enterprise Investments Limited



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1. Chair's Statement

Dear Shareholders,

Vietnam's economy remained resilient in the first half of 2021, posting GDP growth of 5.6%, despite being negatively affected by two new waves of the virus. This demonstrates the underlying strength of the economy, which will provide a platform for the country's growth once the new outbreaks are contained.

The key driver in Vietnam's economic performance for the first six months of the year was manufacturing, which expanded by 8.4% year-on-year. This was reflected in robust trade numbers, in which exports increased by 28.5% to US\$158 billion and imports increased by 36.3% to US\$159 billion. Increased imports supported production and much of the surge came from inventory restocking. The resulting trade deficit was US\$1.5 billion and is widely expected to be reversed in the second half of 2021. Foreign Direct Investment ("FDI") was broadly maintained in the six months with registered FDI slipping 2.6% to US\$15.3 billion, due to travel restrictions, while the disbursed FDI rose 6.8% to US\$15.3 billion. However, the domestic economy grew at a slower rate and contributed less than other components of GDP as COVID-19 continued to spread and social distancing was instituted. Services, which account for 41% of GDP, increased by 4.0% and agriculture, which accounts for 12% of GDP, increased by 3.8%.

The Vietnamese stock market was among the top performing indices in the world in the first half of 2021 and hit an all-time record high of above 1,400 points in June 2021. The market continued to be buoyant with liquidity surging nearly fourfold to an average daily traded volume of above US\$811.5 million in the first six months of 2021 and reaching a record high of nearly US\$1.3 billion in early June 2021. The low interest rate environment drew local retail investors into equities and new retail

account openings increased more than threefold in the first six months of 2021 compared to the same period of 2020. Foreign investment has reduced in the year to date, but we expect it will rebound post-pandemic with developed markets expected to return to pre-pandemic levels, making frontier and emerging markets more attractive to investors seeking higher potential returns. The recent technical upgrade of the Ho Chi Minh Stock Exchange ("HOSE") trading system is expected to allow the market's liquidity to remain above US\$1 billion per day and support the Vietnamese equity market performance.

In terms of our own performance, Vietnam Enterprise Investments Limited ("VEIL") rose strongly by 42.1% in the first half of 2021 and is ahead of its reference index, the VN-Index ("VNI"), by 13.3%. On a three-year rolling performance basis, VEIL also outperformed the index by 19.0%. VEIL's outperformance was led by its core overweight positions in the three key sectors: Banking, Real Estate, and Steel. These industries are widely seen as the main beneficiaries of Vietnam's new era of lower interest rates and infrastructure spending. Earnings were very strong for these industries in the first six months of 2021, supporting positive investor sentiment. VEIL's top holdings are some of the leading names in these industries: (1) Hoa Phat Group (HOSE: HPG), VEIL's largest investee and key representative for the infrastructure development theme; (2) Vietnam Prosperity Bank (VPB) and (3) Asia Commercial Bank (ACB), which are high performing private banks, both making gains ahead of the sector in the first six months of 2021; and (4) Vinhomes (VHM) as the biggest property developer who previously set an ambitious profit growth target of 24% at US\$1.5 billion for 2021. These four names currently represent 42.5% of asset under management

compared to 16.8% in the VNI. VEIL also received good support from its smaller positions in related stocks in these sectors which also contributed positively to VEIL's performance, including Techcombank Bank (TCB), Novaland (NVL), Khang Dien House (KDH), Becamex (BCM), and Kinh Bac City (KBC). VEIL also benefited from non-weights or under-weights in mega-caps stocks that lagged the VNI, namely Vinamilk (VNM), Petrovietnam Gas (GAS) and Bank for Investment and Development of Vietnam (BID).

VEIL continues to expand its environmental, social and governance ("ESG") programme. Investors and the market are seeking further clarity on companies' ESG strategies 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 Dragon Capital Group ("DCG"). DCG created its own ESG Management System ("ESGM"), with the valuable assistance of the International Finance Corporation to ensure that it was delivering best in class practices. The policies and procedures of the ESGM are applied to DCG's, and VEIL's, investment universe with the goal of systematically managing ESG risks throughout the investment appraisal and management processes.

Vietnam is now dealing with further waves of COVID-19, especially with the Delta variant, like many Southeast Asian neighbours. Vietnam has secured a supply of 120 million vaccine doses. It is anticipated that vaccines will arrive in large volumes during the fourth quarter of 2021 and that by the end of 2021, around 40-50% of the population will have been offered a vaccine, with 70% offered in the first half of 2022. Meanwhile, the current wave could impact business performance in the second half of 2021, with

1. Chair's Statement (Continued)

market GDP forecasts revised down from 6.0% previously to 5.0%. The Government still maintains the initial GDP growth target of 6.0-6.5%. For investors, the key focus remains on performance and expected earnings. We remain confident for a strong 2021 performance ahead of market, mainly driven by the big banks, property, and steel players. We expect valuations to remain competitive compared to peers.

The Government is expected to continue providing financial aid and tax relief packages and infrastructure projects are being accelerated. Inflation has remained low at 2.4% in the first half of 2021, while there remains a gap between the maximum public debt cap of 65% and actual debt of 55% at June 2021, which could allow further Government growth initiatives. Vietnamese exports could also increase as demand from Western economies grows following their re-opening. We believe that in the long-term Vietnam still offers one of the

strongest structural growth outlooks among developing markets, led by industrialisation and urbanisation. In that context, VEIL is firmly confident of continuing to identify the best companies in term of long-term business growth, which is the primary reason why foreign investors look to Vietnam. Our historical track record over the medium and long-term continues to outperform peers and reference index, to bring a long term and sustainable profit for our shareholders.

Thank you for your continued support.



Stanley Chou
Chair
Vietnam Enterprise Investments Limited
8 September 2021

2. Portfolio Manager's Report

Performance Overview

The first half of 2021 marked a period of excellent returns for Vietnam Enterprise Investments Limited ("VEIL"), in which it posted a gain of 42.0% and outperformed its reference index the VN-Index Total Return in US\$ terms ("VNI") by 13.3%. Underpinned by the rejuvenation of the Vietnamese economy since the successful containment of the COVID-19 outbreak in early 2020, the stock market hit a new all-time high of 1,420 in the first half of 2021. The strong performance delivered by VEIL in the first half of 2021 can be attributed to the portfolio's restructuring in 2020, during which the portfolio was repositioned to tap into sectors that will benefit greatly from the post-COVID-19 economy. Further alpha was generated due to VEIL's selection of stocks within those sectors outperforming peers. The largest contributors to VEIL's first half were the Banking, Materials, Real Estate and Software Services sectors. On the downside, the Food & Beverages sector was one of few sectors that delivered negative returns in the first half of 2021.

Attribution Analysis

The Banking sector was the main driving force behind VEIL and the VNI's performance in the first half of 2021. VEIL's investment in six out of the 16 banks listed on the Ho Chi Minh Stock Exchange ("HOSE"), delivered 57.7% during the first half of 2021 and was ahead of the VNI's Banking sector by 11.1%, through strong stock selection.

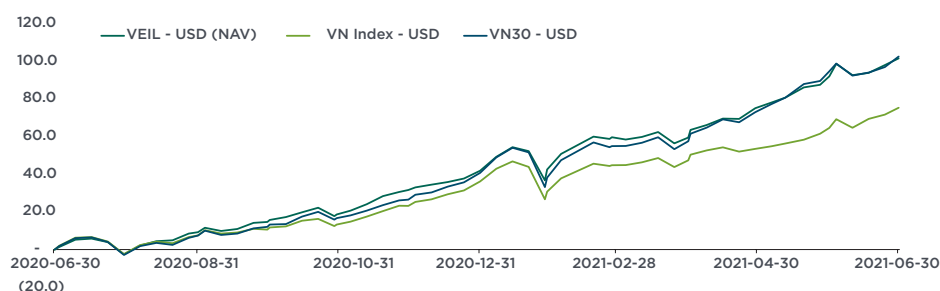
Five of the six banks VEIL invests in delivered a return of more than 50% in the first half of 2021, most notably Vietnam Prosperity Bank ("VPB"), which was up 109% in the period, and Military Bank ("MBB"), which was up 90.9%.

VPB's share price went through a tremendous rerating following the announcement in the second half of 2020 that the bank had successfully sold a 49% stake in FE Credit, the leading consumer finance company with around 50% Vietnamese market share, to a Japanese strategic investor. The deal valued FE Credit at US\$2.8 billion, effectively beefing up VPB's equity by approximately US\$1.4 billion, which will help to facilitate the long-term growth plans of the bank. VPB continues to perform well with the consolidated profit before tax ("PBT") of the first half of 2021 up 37.3%, driven by the solid net interest income ("NII") growth of 16% and strong non-NII growth of 51.5%. Operating expenses were well controlled, dropping 7.4% year-on-year ("y-o-y"). Other metrics that improved compared to the first half of 2020, included the net interest margin ("NIM") expanding to 8.9% from 8.5%, the current account saving account ("CASA") ratio, up to 18.5% from 12.1% and the cost-to-income ratio which fell to 23.4% from 31.0%. Looking ahead to the second half of 2021, there are other potential catalysts mentioned at the annual general meeting ("AGM") that may excite investors, such as the potential renegotiation of its previous Bancassurance deal as well as an 80% stock dividend.

Similar to VPB, MBB also underwent a significant rerating period, rising 90.9% in the first half of 2021. MBB posted the strong numbers for the first half of 2021 with NII growth of 34.3% and non-NII growth of 55.9%. Asset quality, a well-known aspect of MBB, improved further with its non-performing loan ratio falling to just 0.6% for the parent bank, or 0.8% on a consolidated level, among the lowest in the sector. MBB's loan-loss reserves ratio surged to over 310% reflecting prudent risk management. Thanks to an improving CASA ratio, which increased to almost 40% from 35.6% in 2020, MBB's cost of capital fell to 2.9% in the first half of 2021 whilst its NIM rose to 5.2%, leading to an impressive 56.0% growth in PBT in the first half of 2021. Despite the remarkable rally so far in 2021, MBB's forward valuation remains reasonable for one of the biggest private banks in Vietnam.

A star performer in 2020, VEIL's single investment in the Materials & Resources sector and its biggest overall holding, Hoa Phat Group's ("HPG") rally extended well into the first half of 2021, rising 69.5% in this period. HPG completed the first phase of the Dung Quat Mega-steel complex in January, as the fourth and final blast furnace came into operation. The timing of the Dung Quat project was excellent for HPG, benefitting from robust demand for steels domestically as the Government increased infrastructure spending following the COVID-19 outbreak in 2020. As a result, HPG sold a record 4.3 million tonnes in the first half of 2021, up 56.5% y-o-y. Despite challenging global

One Year Performance (% in US\$ terms)



Source: Dragon Capital, Bloomberg

2. Portfolio Manager's Report (Continued)

markets for both input and output prices, HPG was able to maneuver these tricky conditions to post an astonishing net profit after tax and minorities interest ("NPATMI") of VND 16,751 billion in the first half of 2021, up 2.3 times compared to the same period of last year. During the first half of 2021, HPG also expanded vertically in both directions as the company snapped up a 320-million-tonne iron ore mine in Australia that could secure up to 40% of the company's input needs annually. Furthermore, HPG also invested in two production facilities for container manufacturing in Cai Mep and Hai Phong, the two key port and logistic hubs in Vietnam. The combined capacity of the two production lines could deliver up to 500,000 TEU/year. Looking ahead to the second half of 2021, VEIL expects that HPG may face even more challenging conditions, especially as Vietnam battles to contain the current fourth wave of COVID-19 which may impact output price and selling volume. Nevertheless, with infrastructure investment remaining a central macro theme and HPG's strong position as a market leader in the sector, VEIL believes the company can weather these challenging conditions to continue delivering superior results.

VEIL's Real Estate holdings had an excellent first half in 2021 with a 34.0% return, edging ahead of the VNI's Real Estate sector by 3.0%. The sector had faced tough challenges in the last few years due to tightening

legal constraints as well as slow approval processes. Together with the ramp-up in infrastructure, there was a gradual easing in the legal environment for developers, allowing them to push ahead with new projects. Additionally, developers who expanded beyond first-tier cities over the last couple of years have also started to see the benefits.

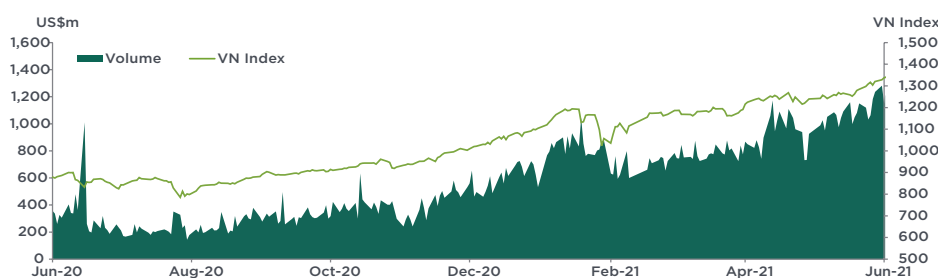
The first half of 2021 saw a number of such turnarounds, most notably within VEIL's portfolio were Novaland ("NVL") and Dat Xanh Group ("DXG").

NVL had an excellent first half in 2021 as the stock rocketed 152.4% in just six months. NVL was the prime example of a developer who has turned its attention away from the main cities, in this case Ho Chi Minh City, and has seen the benefits. In its AGM, NVL's management shared that the company now owns a landbank of 5,400 hectares with a gross development value of US\$45 billion, primarily located in up-and-coming second-tier cities. NVL seeks to acquire another 10,000 hectares in landbank in the next decade as well as branching into industrial land development. NVL continues its strong pre-sale performance of around US\$2 billion from its mega projects in second-tier cities. All of which have resulted in improved investor sentiment after its share price has remained broadly stagnant for more than two years despite continuing improvement in fundamentals. Looking further ahead, NVL guided that it is on

course to book up to US\$2 billion in profit over the next three years which underscores the bright long-term prospects for the company.

For DXG, the company also saw a strong turnaround with its share price increasing 51.0% in the first half of 2021. After a loss-making year in 2020, due to a one-off financial transaction, DXG put forward aggressive guidance of VND 1,350 billion for 2021 thanks to the hand-over from the Gem Sky World and Opal Boulevard projects. Both projects were located in second-tier cities just outside of Ho Chi Minh City that DXG started to focus on after the tightening legal environment started. Similar to NVL, DXG also set forth an ambitious landbank expansion target of 1,000 hectares in the next few years. DXG has also successfully raised VND 2 trillion from the IPO of its property brokerage arm, Dat Xanh Services. Critically, DXG looks to restart its Gem Riverside project in late 2021 or early 2022, a key project for the company in Ho Chi Minh City that had its legal status stuck since 2018, unlocking a portion of the company's assets. For the first half of 2021, DXG recorded a NPATMI of VND 830 billion compared to a VND 488 billion loss in 2020. Given the momentum of the turnaround in earnings, as well as the improvement in fundamentals and outlook, DXG offers a great opportunity given the company is still trading at the lower-end of valuations for a top-tier developer.

VN Index Information (Rolling 3-year)



Source: Dragon Capital, Bloomberg

2. Portfolio Manager's Report (Continued)

VEIL's only representative in the Software Services sector, FPT Corp. ("FPT"), a leading IT company in Vietnam, rose 73.5% in the first half of 2021. This is another example of a rerating due to investors gradually recognising FPT's bright prospects, especially in light of the industry acceleration spurred by the COVID-19 pandemic. Specifically, the outbreak in 2020 had reignited the focus on the need for digital transformation of domestic businesses which FPT benefits well from. Revenue from domestic IT rose 41% y-o-y in the first half of 2021, whilst its PBT was up nearly 2.5 times compared to the same period in 2020. Telecom was another segment that delivered for FPT with first half revenue up 13% whilst PBT of the segment was up more than 28% y-o-y for the period, reflecting various cost-cutting initiatives. Lastly, FPT's education segment was a revelation for many investors, delivering 53% revenue growth in

the first half of 2021 as the company rolled out its nationwide expansion plan for not just universities but also K-12 schools. Beyond the traditional business segments, FPT also worked with the HOSE to implement a solution to on-going congestion in the trading system of the exchange. Whilst not bringing any immediate financial benefit, it obtained market publicity for the domestic business that bodes well for investor sentiment.

On the downside, the Food & Beverages sector was left behind by the VNI in the second half of 2021. VEIL's two investments in the sector, Vinamilk ("VNM"), a leading dairy producer, and Sabeco ("SAB"), a leading brewer, both delivered disappointing returns, dropping 14.8% and 12.3% respectively.

For VNM, the company suffered from increasing competition in the Food & Beverages sector. For the first

half of 2021, VNM posted a negative top line growth of 2.5% y-o-y and negative bottom line growth of 7.3% y-o-y.

Regarding SAB, the company was also under pressure from increasing competition from long-term rivals as well as restriction in outdoor dining. Alcohol consumption in Vietnam, meanwhile, was impacted following Decree 100 which tightened the penalty on drink driving. In the first half of 2021, SAB recorded 8.7% y-o-y in sales growth and 2.9% y-o-y in NPATMI growth.

For both companies, their valuations remain at a premium to the overall market as well as their peers which may partly reflect non-financial factors such as the market positions and household brand-name. Nevertheless, in a market where domestic retail investors are still the main driving force, for now, both remain out-of-favour.

Asset Allocation by Asset Class¹

	30 June 2021	31 December 2020
	%	%
Equities	98.7	97.5
Cash ²	1.3	2.5
	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.

Investment Portfolio – Ten Largest Investments

Company	Sector	Market value US\$	NAV %	Total return %	Initial acquisition
Hoa Phat Group	Real Estate & Construction	365,422,915	14.4	69.5	18 June 2009
VPBank	Retail	292,100,395	11.5	109.0	1 January 1996
Asia Commercial Bank	Banking	261,462,336	10.3	59.3	1 December 1996
Mobile World Group	Banking	204,965,753	8.1	28.3	3 October 2014
Vingroup	Materials & Resources	184,865,021	7.3	10.4	26 August 2014
Vietcombank	Real Estate	177,244,828	7.0	19.3	7 February 2012
Vinhomes	Software & Services	153,454,160	6.1	32.3	18 May 2018
FPT Corp	Banking	120,339,373	4.7	73.5	3 July 2008
Novaland	Food & Beverages	111,776,847	4.4	152.4	19 June 2015
Techcombank	Banking	96,555,286	3.8	67.9	3 May 2018
Total 10 investments		1,968,186,914			

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

2. Portfolio Manager's Report (Continued)

Outlook

As at the time of writing, Vietnam is going through a fourth wave of the COVID-19 outbreak, which brings uncertainty to the current forecast of the second half of 2021 and beyond. Macroeconomic indicators may undergo some downward adjustment to reflect this wave, though VEIL remains confident in the resilience of the domestic economy. Whilst VEIL continues to monitor both the containment efforts as well as the roll out in the Government's vaccination programme, VEIL

believes that, if and when, this wave is brought under control, the central themes to the macro picture should be largely unchanged. In this regard, VEIL's portfolio is still well positioned to benefit from the re-opening of the economy.

The current conditions are undoubtedly challenging for businesses, but VEIL believes the Vietnamese economy will bring opportunities for those who can trade through, with the potential to flourish after the pandemic is

brought under control. VEIL's investment management team remains very active in continuing the search for the next market leader and long-term winner within the current market as well as upcoming opportunities from the IPO market.

Major Sector Return and Contribution

Sector	Portfolio return	VN Index return	Portfolio contribution
	%	%	%
Real Estate & Construction	57.7	46.6	18.9
Banking	34.0	31.0	9.5
Retail	69.4	53.2	8.1
Materials & Resources	73.8	67.9	2.8
Software & Services	28.7	25.8	2.6
Food & Beverages	25.3	46.4	0.6
Consumer Durables	116.6	37.9	0.6
Energy	50.3	16.8	0.4
Transportation	11.0	9.8	0.1

Source: Dragon Capital, Bloomberg



Vu Huu Dien
Portfolio Manager
Vietnam Enterprise Investments
Limited
8 September 2021

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. 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.

3. Board of Directors

Chair & Independent Non-Executive Director

(Appointed January 2016 / Chair from June 2019)

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 / Senior INED from June 2019)

Gordon Lawson

Educated at Birmingham University, earned an MBA from Cranfield Business school, Gordon worked with Salomon Brothers/Citigroup, London before founding Pendragon in 1999. He later became Chairman of Indochina Capital Vietnam plc. He is an advisor and director of various companies. He was also certified from Society of Investment Analysts exams. During his professional career and as Chair of Audit and Risk Committee, he has analysed audited financial statements in depth as well as worked with auditors for various accounting policies, practices, and governance.



Independent Non-Executive Director

(Appointed March 2011 / Resigned June 2021)

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.



3. Board of Directors (Continued)

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.



Independent Non-Executive Director

(Appointed July 2021)

Low Suk Ling

Suk Ling currently serves as Associate General Counsel (Asia) for Marsh, the largest operating company of Marsh & McLennan Companies, a global professional services firm with business in risk management, insurance and investment advising. In this role, she oversees the company's legal, compliance and risk management functions in Asia.



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.



Board & Committees

As of 1 July 2021, the Board consists of six Non-executive Directors, five of whom are independent of the Investment Manager, whose individual knowledge and experience provide a balance of skills and expertise relevant to the Company and it is considered that they commit sufficient time to the Company's affairs. The Board has established three committees: the Audit and Risk Committee, the Management Engagement Committee and the Nomination and Remuneration Committee. All members of the committees are independent. Dominic Scriven O.B.E who is the Chairman of Dragon Capital Group Limited, the ultimate parent of the Investment Manager, does not participate in any Committee.

The Nomination and Remuneration Committee is responsible for ensuring that the board comprises the appropriate balance and composition of skills, experience, length of service, knowledge of the Company and diversity (including gender and ethnic diversity) as well as determining a fair and market-competitive compensation for members of the Board.

4. 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 27 August 2021 (the "2021 AGM"), the resolutions numbered 1 to 10 in the notice of meeting for the 2021 AGM were passed by the required majority on a poll vote.

Ordinary Resolutions

- (1) To receive and adopt the audited financial statements for the year ended 31 December 2020 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 Vi Peterson as a Director of the Company.
- (6) To re-elect Entela Benz-Saliasi as a Director of the Company.
- (7) To elect Low Suk Ling as a Director of the Company.
- (8) To re-elect Dominic Scriven as a Director of the Company.

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 (32,238,422 shares));
 - (ii) the minimum price which may be paid for each ordinary share is US\$0.01;
 - (iii) the maximum price (excluding expenses)

which may be paid for each ordinary share is the higher of:

- (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.
- (10) To amend regulation 95 of the Articles of Association of the Company by deleting the figure "US\$200,000" and replacing it with the figure "US\$400,000".

5. 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 2021.

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 2021 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 2021 (six-month period ended 30 June 2020: Nil).

Share Capital

Details of movements in the Company’s share capital during the period are presented in Note 9. As at 30 June 2021, the Company had 215,066,193 Ordinary Shares and 1,000 Management Shares outstanding (31 December 2020: 216,935,108 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
- Vi Peterson
- Entela Benz-Saliasi
- Low Suk Ling (from 1 July 2021)
- Derek Eu-Tse Loh (until 30 June 2021)

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 27 August 2021 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 2021 (31 December 2020: 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, which was the Investment

Manager of the Company until 31 March 2021 and Dragon Capital Management (HK) Limited, which is the Investment Manager of the Company from 1 April 2021, and Dragon Capital Markets Limited. As at 30 June 2021, Dragon Capital Markets Limited beneficially held 1,010,359 Ordinary Shares of the Company for investment and proprietary trading purposes (31 December 2020: 1,010,359 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 2021 (31 December 2020: 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

There were no 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 2021, the following shareholders owned more than 10 percent of the Company’s issued Ordinary Share capital:

- Inter Fund Management S.A.
- Number of Ordinary Shares held: 26,491,515
 - % of total Ordinary Shares in issue: 12.32%

- Bill & Melinda Gates Foundation
- Number of Ordinary Shares held: 25,128,192
 - % of total Ordinary Shares in issue: 11.68%

5. Report of the Board of Directors (Continued)

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

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 2021 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 2021 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 61 to 71 of the Annual Report for the year ended 31 December 2020 (Note 15 to the 2020 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 2021 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 2021, 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
8 September 2021

Signed on behalf of the Audit and Risk Committee by:



Gordon Lawson
Chair of the Audit and Risk
Committee
Vietnam Enterprise Investments
Limited
8 September 2021

6. 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 2021, 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 13 to 36. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as at 30 June 2021 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.: 21-01-00414-21-1

Nguyen Thanh Nghi
Deputy General Director

8 September 2021

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7. Statement of Financial Position

As at 30 June 2021

	Note	30 June 2021 US\$	31 December 2020 US\$	Change in %
CURRENT ASSETS				
Financial assets at fair value through profit or loss	5	2,518,554,111	1,776,972,384	
Other receivables		672,287	918,374	
Balances due from brokers	6	9,474,400	-	
Cash and cash equivalents	7	16,459,162	24,769,597	
TOTAL ASSETS		2,545,159,960	1,802,660,355	41
CURRENT LIABILITIES				
Balances due to brokers	6	6,167,243	-	
Accounts payable and accruals	8	3,832,918	2,969,152	
TOTAL LIABILITIES		10,000,161	2,969,152	237
EQUITY				
Issued share capital	9	2,150,671	2,169,360	
Share premium	9	524,628,627	542,487,042	
Retained earnings		2,008,380,501	1,255,034,801	
TOTAL EQUITY		2,535,159,799	1,799,691,203	41
NET ASSETS ATTRIBUTABLE TO ORDINARY SHAREHOLDERS		2,535,159,799	1,799,691,203	41
NUMBER OF ORDINARY SHARES IN ISSUE	9	215,066,193	216,935,108	
NET ASSET VALUE PER ORDINARY SHARE	10	11.79	8.30	42

Approved by the Board of Directors on 8 September 2021.



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

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

8. Statement of Comprehensive Income

For the six month ended 30 June 2021

		Six-month period ended	
	Note	30 June 2021	30 June 2020
		US\$	US\$
INCOME			
Bank interest income		9,470	13,961
Dividend income		3,436,906	1,753,470
Net changes in fair value of financial assets at fair value through profit or loss	5	703,286,672	(176,218,983)
Gains/(losses) on disposals of investments		68,262,769	(11,492,923)
TOTAL INCOME/(LOSS)		774,995,817	(185,944,475)
EXPENSES			
Administration fees	11	(638,624)	(438,738)
Custodian fees	11	(467,121)	(360,194)
Directors' fees	11	(82,500)	(82,275)
Management fees	11	(19,274,207)	(12,810,545)
Withholding taxes		(898)	(1,922)
Legal and professional fees		(388,148)	(234,160)
Brokerage fee and structuring fee		(50,000)	(533,964)
Interest expenses		(623,469)	(349,941)
Other operating expenses		(58,777)	(55,327)
TOTAL EXPENSES		(21,583,744)	(14,867,066)
NET PROFIT/(LOSS) BEFORE EXCHANGE LOSSES		753,412,073	(200,811,541)
EXCHANGE (LOSSES)/GAINS			
Net foreign exchange (losses)/gains		(66,373)	320,740
PROFIT/(LOSS) BEFORE TAX		753,345,700	(200,490,801)
Income tax	12	-	-
NET PROFIT/(LOSS) AFTER TAX FOR THE PERIOD		753,345,700	(200,490,801)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		753,345,700	(200,490,801)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO ORDINARY SHAREHOLDERS		753,345,700	(200,490,801)
BASIC EARNINGS/(LOSSES) PER ORDINARY SHARE	13	3.48	(0.92)

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

9. Statement of Changes in Net Assets Attributable to Ordinary Shareholders

For the six month ended 30 June 2021

	Issued share capital	Share premium	Retained earnings	Total
	US\$	US\$	US\$	US\$
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
Balance at 1 January 2021	2,169,360	542,487,042	1,255,034,801	1,799,691,203
Total comprehensive income for the period:				
Net profit for the period	-	-	753,345,700	753,345,700
Transactions with shareholders, recognised directly in equity:				
Repurchase of Ordinary Shares	(18,689)	(17,858,415)	-	(17,877,104)
Balance at 30 June 2021	2,150,671	524,628,627	2,008,380,501	2,535,159,799

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

10. Statement of Cash Flows

For the six month ended 30 June 2021

		Six-month period ended	
	Note	30 June 2021	30 June 2020
		US\$	US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the period		753,345,700	(200,490,801)
Adjustments for:			
Bank interest income		(9,470)	(13,961)
Bank interest expense		623,469	349,941
Dividend income		(3,436,906)	(1,753,470)
Net changes in fair value of financial assets at fair value through profit or loss		(703,286,672)	176,218,983
(Gains)/losses on disposals of investments		(68,262,769)	11,492,923
		(21,026,648)	(14,196,385)
Net cash flows from subsidiaries carried at fair value		64,051,505	6,758,655
Changes in balances due from brokers		(9,474,400)	(260,669)
Changes in balances due to brokers and accounts payable and accruals		7,031,009	802,293
		40,581,466	(6,896,106)
Proceeds from disposals of investments		247,795,239	96,528,346
Purchases of investments		(281,879,030)	(90,529,117)
Bank interest income received		9,470	13,961
Bank interest expense paid		(623,469)	(349,941)
Dividends received		3,682,993	2,262,900
Net cash generated from operating activities		9,566,669	1,030,043
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings		120,000,000	40,000,000
Repayments of borrowings		(120,000,000)	(40,000,000)
Repurchase of Ordinary Shares		(17,877,104)	(1,418,778)
Net cash used in financing activities		(17,877,104)	(1,418,778)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(8,310,435)	(388,735)
Cash and cash equivalents at the beginning of the period		24,769,597	9,473,320
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7	16,459,162	9,084,585

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

11. Notes to the Financial Statements

For the six month ended 30 June 2021

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 July 2016: listed on the Irish Stock Exchange). The Company is established for an unlimited duration. As required by the Company’s Restated and Amended Memorandum and Articles of Association (the “Articles”), 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. In accordance with the Articles, the Company will put before the AGM in 2025 a special resolution to wind up the Company effective on 31 December 2027.

The Company had the following investments in subsidiaries and joint operation as at 30 June 2021, 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 2021 and 31 December 2020, the Company had no employees.

2. BASIS OF PREPARATION

(a) Basis of accounting

The Company’s condensed interim financial statements as at and for the six-month period ended 30 June 2021 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 2020.

(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.

11. Notes to the Financial Statements (Continued)

For the six month ended 30 June 2021

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.

11. Notes to the Financial Statements (Continued)

For the six month ended 30 June 2021

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 financial assets

The Directors determine the allowance for impairment of financial assets on a regular basis. This estimate is based on the Company's historical experience and informed credit assessment and including looking forward information.

(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.

11. Notes to the Financial Statements (Continued)

For the six month ended 30 June 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial assets and financial liabilities

(i) Recognition and initial measurement

The Company initially recognises financial assets and financial liabilities at 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.

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.

11. Notes to the Financial Statements (Continued)

For the six month ended 30 June 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 include balances due to brokers, borrowings and accounts payable and accruals.

11. Notes to the Financial Statements (Continued)

For the six month ended 30 June 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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.

11. Notes to the Financial Statements (Continued)

For the six month ended 30 June 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

11. Notes to the Financial Statements (Continued)

For the six month ended 30 June 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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.

11. Notes to the Financial Statements (Continued)

For the six month ended 30 June 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Expenses

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

(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 2021 and 2020.

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.

Dragon Capital Group Limited, together with its subsidiaries (including Dragon Capital Management (HK) Limited), associates, and investment companies/funds under their management, are 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 2021 (31 December 2020: 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, which was the Investment Manager of the Company until 31 March 2021 and Dragon Capital Management (HK) Limited, which is the Investment Manager of the Company from 1 April 2021, and Dragon Capital Markets Limited. As at 30 June 2021, Dragon Capital Markets Limited beneficially held 1,010,359 Ordinary Shares of the Company for investment and proprietary trading purposes (31 December 2020: 1,010,359 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 2021 (31 December 2020: 25,000 Ordinary Shares).

During the period, the Directors, with exception of Dominic Scriven O.B.E, earned US\$82,500 (six-month period ended 30 June 2020: US\$82,275) for their participation on the Board of Directors of the Company.

During the period, total broker fees paid to Ho Chi Minh City Securities Corporation – an associate of Dragon Capital Group Limited and one of the securities brokers of the Company and its subsidiaries – amounted to US\$334,433 (six-month period ended 30 June 2020: US\$153,701). As at 30 June 2021, the broker fee payable to this broker was nil (31 December 2020: US\$874).

11. Notes to the Financial Statements (Continued)

For the six month ended 30 June 2021

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	30 June 2021	31 December 2020
	US\$	US\$
Directly held investments (a)	1,126,741,796	769,940,680
Investments in subsidiaries (b)	1,391,812,315	1,007,031,704
	2,518,554,111	1,776,972,384

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

	30 June 2021	31 December 2020
	US\$	US\$
Listed investments:		
Investments, at cost	621,784,505	519,437,945
Unrealised gains	504,957,291	250,502,735
At carrying value	1,126,741,796	769,940,680
Unlisted investments:		
Investments, at cost	3,762,362	3,762,362
Unrealised losses	(3,762,362)	(3,762,362)
At carrying value	-	-
	1,126,741,796	769,940,680

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

	Six-month period ended	
	30 June 2021	30 June 2020
	US\$	US\$
Opening balance	769,940,680	638,021,791
Purchases	281,879,030	90,529,117
Sales	(179,532,470)	(108,021,269)
Unrealised gains/(losses)	254,454,556	(81,426,228)
Closing balance	1,126,741,796	539,103,411

(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.

11. Notes to the Financial Statements (Continued)

For the six month ended 30 June 2021

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

The net assets of the Company's subsidiaries comprised:

	30 June 2021	31 December 2020
	US\$	US\$
Cash and cash equivalents	18,113,146	22,261,057
Financial assets at fair value through profit or loss (c)	1,375,850,832	983,928,129
Other receivables	530,552	842,518
Balances due from brokers	1,388,758	-
Total assets	1,395,883,288	1,007,031,704
Balances due to brokers	4,070,973	-
Total liabilities	4,070,973	-
Net assets	1,391,812,315	1,007,031,704

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

	Six-month period ended	
	30 June 2021	30 June 2020
	US\$	US\$
Opening balance	1,007,031,704	829,447,988
Net cash flows from subsidiaries	(64,051,505)	(6,758,655)
Unrealised gains/(losses)	448,832,116	(94,792,755)
Closing balance	1,391,812,315	727,896,578

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

	30 June 2021	31 December 2020
	US\$	US\$
Listed investments:		
Investments, at cost	669,376,718	593,496,859
Unrealised gains	706,474,114	390,431,270
At carrying value	1,375,850,832	983,928,129

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

	Six-month period ended	
	30 June 2021	30 June 2020
	US\$	US\$
Opening balance	983,928,129	808,293,291
Purchases	262,211,400	107,200,323
Sales	(186,331,541)	(100,538,171)
Unrealised gains/(losses)	316,042,844	(99,530,004)
Closing balance	1,375,850,832	715,425,439

11. Notes to the Financial Statements (Continued)

For the six month ended 30 June 2021

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

Investment portfolio by sector was as follows:

	30 June 2021		31 December 2020	
	US\$	%	US\$	%
Banking	964,783,806	38	591,569,248	33
Real Estate & Construction	701,378,290	28	410,471,646	23
Materials & Resources	377,445,374	15	223,764,582	13
Retail	218,136,934	8	207,845,312	12
Food & Beverages	20,918,704	1	92,942,092	4
Software & Services	120,339,373	5	71,236,340	5
Transportation	21,573,627	1	67,422,278	4
Energy	20,290,615	1	49,524,028	3
Consumer Durables	48,427,676	2	39,093,283	2
Net monetary assets kept by subsidiaries	15,961,485	1	23,103,575	1
Diversified Financials	9,298,227	0	-	0
	2,518,554,111	100	1,776,972,384	100

(d) 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.

(e) 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.

6. BALANCES DUE FROM/DUE TO BROKERS

	30 June 2021	31 December 2020
	US\$	US\$
Sale transactions awaiting settlement	9,474,400	-
Purchase transactions awaiting settlement	6,167,243	-

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 2021	31 December 2020
	US\$	US\$
Cash in banks	16,459,162	24,769,597

11. Notes to the Financial Statements (Continued)

For the six month ended 30 June 2021

8. ACCOUNTS PAYABLE AND ACCRUALS

	30 June 2021	31 December 2020
	US\$	US\$
Management fees	3,623,197	2,782,125
Administration fees	122,181	95,027
Other payables	87,540	92,000
	3,832,918	2,969,152

9. ISSUED SHARE CAPITAL AND SHARE PREMIUM

	30 June 2021	31 December 2020
	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 2020: 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	(58,546)	(39,857)
Shares in circulation:		
Ordinary Shares	2,150,661	2,169,350
Management Shares	10	10
Outstanding issued share capital in circulation	2,150,671	2,169,360

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.

11. Notes to the Financial Statements (Continued)

For the six month ended 30 June 2021

9. ISSUED SHARE CAPITAL AND SHARE PREMIUM (Continued)

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

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

During the period, no Conversion Shares were in issue, and no Conversion Shares were in issue as at 30 June 2021 and 31 December 2020.

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 2021 and 31 December 2020, the following shareholders owned more than 10 percent of the Company's issued Ordinary Share capital.

	30 June 2021		31 December 2020	
	Number of Ordinary Shares held	% of total Ordinary Shares in issue	Number of Ordinary Shares held	% of total Ordinary Shares in issue
Inter Fund Management S.A.	26,491,515	12.32	26,259,515	12.10
Bill & Melinda Gates Foundation	25,128,192	11.68	25,128,192	11.58

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

	Six-month period ended		Six-month period ended	
	30 June 2021		30 June 2020	
	Shares	US\$	Shares	US\$
Balance at the beginning of the period	216,935,108	2,169,350	218,061,888	2,180,618
Repurchase of Ordinary Shares during the period	(1,868,915)	(18,689)	(327,497)	(3,275)
Balance at the end of the period	215,066,193	2,150,661	217,734,391	2,177,343

Movements in share premium during the period were as follows:

	Six-month period ended	
	30 June 2021	30 June 2020
	US\$	US\$
Balance at the beginning of the period	542,487,042	548,355,321
Repurchase of Ordinary Shares during the period	(17,858,415)	(1,415,503)
Balance at the end of the period	524,628,627	546,939,818

11. Notes to the Financial Statements (Continued)

For the six month ended 30 June 2021

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 2021 of US\$2,535,159,799 (31 December 2020: US\$1,799,691,203) and the number of outstanding Ordinary Shares in issue as at that date of 215,066,193 shares (31 December 2020: 216,935,108 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 2020: 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\$638,624 (six-month period ended 30 June 2020: US\$438,738). As at 30 June 2021, an administration fee of US\$122,181 (31 December 2020: US\$95,027) 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 2020: 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\$467,121 (six-month period ended 30 June 2020: US\$360,194). There were no custodian fees payable as at 30 June 2021 and 31 December 2020.

Directors' fees

During the period, total directors' fees amounted to US\$82,500 (six-month period ended 30 June 2020: US\$82,275). There were no director fees payable as at 30 June 2021 and 31 December 2020. 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\$19,274,207 (six-month period ended 30 June 2020: US\$12,810,545). As at 30 June 2021, a management fee of US\$3,623,197 (31 December 2020: US\$2,782,125) 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\$40,663 (six-month period ended 30 June 2020: US\$40,776) paid to the auditor, KPMG Limited. In addition, advisory fees payable to KPMG LLP were 14,877 for the six-month period ended 30 June 2021 (six-month period ended 2020: US\$14,918).

11. Notes to the Financial Statements (Continued)

For the six month ended 30 June 2021

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.

Vietnam tax

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 distributed from after-tax profits by Vietnamese companies to foreign corporate investors are not subject to Vietnamese withholding taxes.

Hong Kong tax

The Fund would be exposed to Hong Kong Profits Tax ("HKPT") if:

- a) it carries on trade or business in Hong Kong;
- b) profits from that trade or business have a Hong Kong source;
- c) those profits are not capital profits and
- d) the profits are not exempted under the Offshore Persons Exemption or the Funds Exemption.

Under such circumstances, HKPT will be charged at a rate of 16.5% (2020: 16.5%) in respect of any profits which arise in or are derived from Hong Kong and which are not capital profits or exempt profits.

The Offshore Persons Exemption is provided under Section 20AC of the Inland Revenue Ordinance ("IRO") and applies to exempt non-fund and non-resident persons from HKPT subject to satisfying certain conditions. Effective from 1 April 2019, the Funds Exemption under Section 20AN of the IRO provides that funds within the meaning of Section 20AM, resident and non-resident, will be exempt from HKPT subject to certain conditions.

The Directors believe the Company satisfies all of the requirements for the Funds Exemption under Section 20AN of the IRO post 1 April 2019 and therefore shall not be subject to.

See Note 14(C) for further details.

13. BASIC EARNINGS/(LOSSES) PER ORDINARY SHARE

The calculation of basic earnings/(losses) per Ordinary Share for the period was based on the net profit or loss for the period attributable to the Ordinary Shareholders and the weighted average number of Ordinary Shares outstanding in issue during the period.

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

	Six-month period ended	
	30 June 2021	30 June 2020
	US\$	US\$
Net profit/(loss) attributable to the Ordinary Shareholders	753,345,700	(200,490,801)

11. Notes to the Financial Statements (Continued)

For the six month ended 30 June 2021

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

(b) Weighted average number of Ordinary Shares

	Six-month period ended	
	30 June 2021	30 June 2020
	Shares	Shares
Issued Ordinary Shares at the beginning of the period	216,935,108	218,061,888
Effect of Ordinary Shares repurchased during the period	(233,148)	(139,595)
Weighted average number of Ordinary Shares	216,701,960	217,922,293

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

	Six-month period ended	
	30 June 2021	30 June 2020
	US\$	US\$
Basic earnings/(losses) per Ordinary Share	3.48	(0.92)

14. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY

A. Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Company as at and for the year ended 31 December 2020.

B. Financial risk management

(i) Valuation model

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

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

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.

11. Notes to the Financial Statements (Continued)

For the six month ended 30 June 2021

14. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY (Continued)

(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 2021	Level 1	Level 2	Level 3	Total
	US\$	US\$	US\$	US\$
Financial assets at fair value through profit or loss				
• Listed investments	1,126,741,796	-	-	1,126,741,796
• Investments in subsidiaries	-	-	1,391,812,315	1,391,812,315
	1,126,741,796	-	1,391,812,315	2,518,554,111
As at 31 December 2020	Level 1	Level 2	Level 3	Total
	US\$	US\$	US\$	US\$
Financial assets at fair value through profit or loss				
• Listed investments	769,940,680	-	-	769,940,680
• Investments in subsidiaries	-	-	1,007,031,704	1,007,031,704
	769,940,680	-	1,007,031,704	1,776,972,384

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 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	US\$	US\$	US\$	US\$	US\$	US\$
Opening balance	769,940,680	635,454,092	-	2,567,699	1,007,031,704	829,447,988
Purchases	281,879,030	86,132,294	-	-	-	4,396,823
Sales	(179,532,470)	(108,021,269)	-	-	-	-
Net cash flow from subsidiaries	-	-	-	-	(64,051,505)	(6,758,655)
Unrealised gains/(losses) recognised in profit or loss	254,454,556	(81,815,510)	-	261,957	448,832,116	(94,665,430)
Closing balance	1,126,741,796	531,749,607	-	2,829,656	1,391,812,315	732,420,726
Total unrealised gains/(losses) for the period included in net changes in fair value of financial assets at fair value through profit or loss	254,454,556	(81,815,510)	-	261,957	448,832,116	(94,665,430)

11. Notes to the Financial Statements (Continued)

For the six month ended 30 June 2021

14. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY (Continued)

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 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	US\$	US\$	US\$	US\$	US\$	US\$
Opening balance	983,928,129	806,612,733	-	1,680,558	-	-
Purchases	262,211,400	107,200,323	-	-	-	-
Sales	(186,331,541)	(100,538,171)	-	-	-	-
Unrealised gains/(losses)	316,042,844	(99,701,455)	-	171,451	-	-
Closing balance	1,375,850,832	713,573,430	-	1,852,009	-	-
Total unrealised gains/(losses) for the period included in net changes in fair value of financial assets at fair value through profit or loss	316,042,844	(99,701,455)	-	171,451	-	-

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, and as a result, provision for tax liabilities have not been made in the financial statements.

The Offshore Persons Exemption is provided under Section 20AC of the Inland Revenue Ordinance ("IRO") and applies to exempt non-fund and non-resident persons from Hong Kong Profits Tax ("HKPT") subject to satisfying certain conditions. Effective from 1 April 2019, the New Funds Exemption under Section 20AN of the IRO provides that funds within the meaning of Section 20AM, resident and non-resident, will be exempt from HKPT subject to certain conditions. The Directors believe that they have implemented steps to enable The Company to satisfy all the conditions to be exempted from HKPT for the six-months period ended 30 June 2021.

If the Company does not meet the exemption criteria under the Funds Exemption, the Company is exposed to Hong Kong Profits Tax at a rate of 16.5% in respect of any profits which arise in or are derived from Hong Kong and which are not capital profits or exempt profits if it is treated as carrying on a trade or business in Hong Kong either on its own account or through any person as an agent.

11. Notes to the Financial Statements (Continued)

For the six month ended 30 June 2021

15. SEASONAL OR CYCLICAL FACTORS

The Company's results for the six-month periods ended 30 June 2021 and 2020 are not subject to any significant seasonal or cyclical factors.

16. SUBSEQUENT EVENTS

From 1 July to 8 September 2021, the Company repurchased 782,608 Ordinary Shares of the Company with total value of US\$7,307,075.65.

With effect from 1 July 2021, the management fee is calculated and accrued daily on the following basis:

- 1.85% per annum on the first US\$1.25 billion of the NAV
- 1.65% 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.

15. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The condensed interim financial statements were approved and authorised for issue by the Board of Directors on 8 September 2021.

12. Corporate Information

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13. Investor Information

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