

Vietnam Enterprise Investments Limited

Interim Report 2022



DRAGON CAPITAL



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1. Chair's Statement

Dear Shareholders,

Firstly, I would like to thank my predecessor, Stan for all his contributions as Chair and as an active member of the Non-executive board.

We are pleased to report that Vietnam's economy remained resilient during the first six months of 2022, despite this having been a challenging year for global financial markets due to rising inflation, central bank rate hikes and the Russian invasion of Ukraine, this following on from two years of disruption caused by the COVID-19 pandemic.

Vietnam's GDP rose 7.7% year-on-year in the second quarter of 2022, the highest quarterly increase since 2011, with 6.4% growth overall in the first half of 2022. There was robust activity in almost all business sectors, while FDI continued to come into Vietnam, trading results were satisfactory and inflation stayed at moderate levels. The numbers confirm our expectation for strong and stable growth in economic recovery during 2022.

The services sector grew 6.6% in the first half of 2022, thanks to strong local consumption, with retail sales up 11.4%. Consumer spending saw an especially powerful boost from the re-start of travel. Post-Omicron, local passenger departures rose 140% compared with the first half of 2019, to 60.8 million people. As for manufacturing, industrial production climbed 8.5% year-on-year in the first half of 2022 and the Manufacturing Purchasing Manager Index was still solid at 54. Disbursed FDI rose 8.9% to US\$10.1 billion showing that Vietnam remains a top destination for supply-chain relocation and diversification strategies. On the trade front, the first half of 2022 exports rose a healthy 17.3% to US\$186.03 billion and imports were only up 15.5% at US\$185.29 billion. This surplus of US\$0.74 billion compares to a deficit of US\$1 billion the prior year. Despite rising concerns on inflation all over the world, inflation remained under control in Vietnam. The headline CPI rose moderately by +3.4% year-on-year, with more than half of the increase attributed to petrol, which rose 62%. Since taxes and fees are 36.8% of petrol's final price, the Ministry of Finance has the fiscal capacity to cut petrol taxes to reduce the pressure if required.

Despite this solid macro-economic data, the Vietnamese stock market dropped by 21.2% in the first half of 2022, caused mainly by the rising concern of global economic headwinds and the sell-off across developed stock markets. Market sentiment in Vietnam has also been unsettled by local developments relating to the crackdown on the bond market issuances made by several real estate companies and investigations into stock market manipulation. The Government made clear its intention to implement a set of measures to build a transparent and efficient financial market. Domestic retail investors retreated from their outsized participation as volatility and uncertainty increased. Foreigners were net buyers of US\$393 million of Vietnam stocks since the market started to correct in April 2022. Market turnover has also retreated from recent highs, averaging US\$766 million in average daily turnover in June 2022. Nevertheless, year-to-date, the average daily turnover figure remains very strong at almost US\$1.1 billion, which is above many emerging market peers. However, in terms of valuation, Vietnam looks attractive at the prospective PER of 9.3x for earnings growth of 20.8% for this year. This is the lowest PER valuation average over the past five years on the Vietnam market. Additionally, compared with regional valuations, Vietnam remains much more attractive than regional peers, such as Thailand, The Philippines or Malaysia, while producing higher earnings growth.



Gordon Lawson
Chair

1. Chair's Statement (Continued)

Regarding our own performance Vietnam Enterprise Investments Limited (“VEIL”) managed to deliver an outperformance of 1.13% compared with its reference index, the VN Index. On a three-year rolling performance basis, VEIL outperformed the index by 16.0%. This was led by its core overweight positions in the three key sectors: retails, banks, and consumer, thanks to the post-pandemic resurgence of demand. VEIL’s top holdings are some of the leading names in these industries, (1) Mobile World Group (MWG) the biggest player in retail industry and in our view, the best play on Vietnam’s rising middle-income class spending and benefiting from the pent-up demand after pandemic; (2) Vietnam Prosperity Bank (VPB) and (3) Asia Commercial Bank (ACB), which are high performing private banks; (4) FPT Corporation (FPT), the leading technology, software and services company in the country; and (5) Phu Nhuan Jewelry (PNJ) the top jewelry producer and retail sales of jewelry with the largest national store network. Our new investment, Duc Giang Chemical (DGC), a high performing chemical player in Vietnam who benefits from the phosphate rock reserves, growing global demand for phosphoric acids for semi-conductor and electronic goods, also delivered impressive returns in the period.

In the first half of 2022, VEIL bought back 4,907,168 shares worth approximately US\$46.53 million and 2.33% of the weighted average number of outstanding shares. We continue to monitor our share price and discount to NAV and to those of other single country funds in the region and will continue to execute buybacks at appropriate times.

VEIL continues to expand its environmental, social and governance (“ESG”) and climate change programme. We are fully committed to and support achieving positive progress in ESG, and VEIL is a clear leader in Vietnam. ESG goes beyond social responsibility, it also provides a perspective on risk mitigation and value creation. As a long-term investor committed to sustainability, all investments made by VEIL are subjected to a rigorous ESG screening process adopted by our manager, Dragon Capital group (the “Group”). The Group created its own ESG management system, with the valuable assistance of the International Finance Corporation (IFC) to ensure that it deliver the best-in-class practices. These policies and procedures are applied to VEIL’s entire investment universe.

For the rest of the 2022 calendar year, ongoing global issues still need to be carefully considered as they will continue to challenge Vietnam’s macro-economic goals. Vietnam’s government is showing strong determination to achieve its GDP target of 6.5%-7.0% and more importantly to control inflation within 4.0%-4.5%. We believe that Vietnam continues to offer one of the strongest structural growth outlooks among developing economies, led by industrialisation and urbanisation and strong domestic consumption. We think that this is where investors will see long-term growth, even with various pressures that might arise from global concerns. VEIL is confident of its ability to continue to identify the best companies for long-term business growth, profitability, and solid management.

Thank you for your continued support.



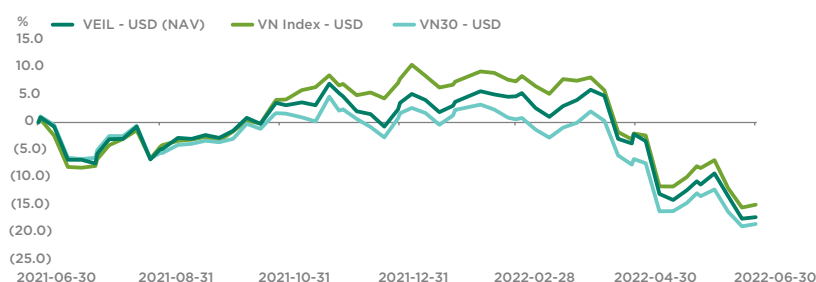
Gordon Lawson
Chair
Vietnam Enterprise Investments Limited
8 September 2022

2. Portfolio Manager's Report

Performance Overview

Against the backdrop of a combination of both global and domestic headwinds, the NAV of Vietnam Enterprise Investments Limited ("VEIL") was 20.1% lower in the first six months of 2022, faring slightly better than the drop of 21.2% of its reference index, the VN Index total return in US\$ terms. With rising global inflation dominating headlines, the geo-political situation in Ukraine, in addition to China's zero-COVID policy complicating global supply chains that are already stretched, Vietnam's economic picture remains largely unblemished. Nevertheless, the tightening in bond issuance regulations, together with the crackdown against a high-profile executive in the property sector regarding stock market manipulation, all dampened local investors' sentiment in sectors such as Banking, Real Estate & Construction and Material & Resources. On the other hand, VEIL's investments in the consumption-related and Software & Services sectors performed well in an otherwise subdued market.

One Year Performance (% in US\$ terms)



Source: Dragon Capital, Bloomberg

VN Index Information (Rolling 3-year)



Source: Dragon Capital, Bloomberg

Asset Allocation by Asset Class¹

	30 June 2022	31 December 2021
	%	%
Equities	99.4	99.4
Cash ²	0.6	0.6
	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.

2. Portfolio Manager's Report (Continued)

Attribution Analysis

After a strong 2021, the Banking sector went through a de-rating process due to the heightened turmoil in the bond and property markets. There were concerns that, as bond issuance regulations are expected to get stricter going forward, capital flow to the economy, especially the property sector may become more restricted, leading to a rise in non-performing loans (“NPL”). Such a development, whilst not impossible, is unlikely to lead to a widespread halt in the banking system, given Vietnamese banks are now much better capitalised with stronger balance sheets. In fact, within the Dragon Capital's Top-80¹, which represents 81.7% of the VN Index market capitalisation, the Banking sector is still expected to deliver the highest earnings growth, up 35.0% year-on-year (“y-o-y”), among the major sectors. In the first half of 2022, two of VEIL's bank holdings held up much better than the sector. These were Asia Commercial Bank (“ACB”) and Military Bank (“MBB”). Both are known for their retail-focused strategy and strong asset quality.

ACB, VEIL's oldest holding in the portfolio at 26 years, had a strong first half of 2022 in terms of business performance. Pre-tax profit (“PBT”) was up an impressive 42.1% y-o-y, driven by strong recovery income and solid growth across the board. Net Interest Income (“NII”) was up 14.7% y-o-y on the back of a 9.3% credit growth and a relatively stable Net Interest Margin (“NIM”) at 4.3%. Non-Interest Income also rose 20.0% driven mainly by a 14.6% increase in Net Fees Income (“NFI”). The highlight of the first half of 2022 was, once again, ACB's ability to maintain its pristine asset quality with its NPL ratio standing at 0.8% whilst the Loan-loss reserve (“LLR”) ratio remained healthy at 185%. Additionally, during the first half of 2022, ACB was able to collect and, as a result, reversed VND584 billion of previously provisioned bad debt. Despite this strong progress, whilst performing much better than the Banking sector's 21.3% drop, the bank's shares still fell 14.7% in the same period. However, ACB remained a favoured name among investors with its conservative approach that is well-suited to weather the current storm and, at the same time, still able to deliver robust growth.

As for MBB, the bank continues to solidify its position as one of the biggest banks in Vietnam. For the first half of 2022, MBB posted an impressive 49% growth in PBT from core banking operations and increased efficiency. As one of the banks with the highest credit quota, at 15.0%, assigned at the beginning of the year, the bank's NII was up an impressive 39% y-o-y and with its retail focused strategy and NIM continued to expand, reaching 5.5%. Part of the reason for its high and rising NIM was high Current-Account-Saving-Account (“CASA”) ratio, at 45.5%, among the highest in Vietnam. Rising CASA has been a benefactor of MBB's early and aggressive adoption of the digitalisation process that all banks in Vietnam are undergoing. This has helped MBB gain additional market share and step up its ability to acquire new customers via digital channels. MBB now boasts more than 11 million digital users with over 90% of the bank transactions now going through digital channels. Though NFI growth was a little muted at just 1.5% bancassurance² sales was a highlight, MBB led this segment in the sector during the first half of 2022. NPL ticked up to 1.2% but the LLR ratio was among the highest in the system at 221% and cemented MBB's place as one of the safest banks in the sector. Though a quasi-State-Owned Commercial Bank (“SOCB”), MBB is a unique case that blended well both the strength of a state-owned bank as well as the pro-activeness of a private bank. This helped propel MBB to the forefront of the small group of leading banks that are well on their way to challenge for the crown of the biggest bank in Vietnam which, historically has always been held by SOCBs.

1) The Dragon Capital's Top-80 is the 80 biggest companies by market capitalisation listed across three exchanges, adjusted by free float and screened by liquidity and ESG criterias.

2) Bancassurance is an arrangement between a bank and an insurance company allowing the insurance company to sell its products to the bank's client base. This partnership arrangement can be profitable for both companies.

2. Portfolio Manager's Report (Continued)

The Real Estate & Construction sector was perhaps the most impacted sector in the first half of 2022 following the domestic issues that arose, which particularly impacted residential property developers. VEIL's Real Estate & Construction holdings were caught in the sell-off from investors too, particularly Dat Xanh Group ("DXG"), which at one point in 2022 was up more than 30% before dropping to finish the first half down 45.4%. Despite the short-term difficulties which are likely to result in DXG slightly missing its annual financial targets, the company remains on track for its medium-to-long term growth prospects. More specifically, legal progress at key projects such as Gem Riverside is in the last stage of completion and is due to launch in the second half of 2022 along with three other projects. From the company's latest guidance, the Gem Riverside project alone could deliver a total profit of around 7-8 times DXG's annual profit over the 2024-2026 period. Progress is also well on the way with its mega developments in Binh Phuoc and Dong Nai provinces, sized at 200 hectares and 152 hectares, respectively. Land clearances are more than 50% done at both sites and these developments will serve as long-term growth drivers for the company.

At a time when residential developers suffered during this difficult climate, industrial park developers held up much better. Becamex IDC ("BCM"), the biggest industrial park developer in Vietnam, rose 2.6% in the first half of 2022. BCM, a household name in the sector, currently holds more than 6,500 hectares of leasable land in addition to highly valued stakes in joint ventures ("JV") with international developers. The first was a 49% stake in Vietnam-Singapore Industrial Park ("VSIP") company, a JV with Sembcorp of Singapore; and the second being Becamex-Warburg Pincus Industrial Park (BWID) company, a JV with Warburg Pincus. Both JV's together add another 2,000 hectares of land to BCM's growing portfolio. Beyond its traditional industrial park development, BCM also holds more than 1,000 hectares in residential land, the bulk of which, and the most lucrative, lies in the Binh Duong New City project. Most recently, Capital Land, a Singaporean developer and a well-known name in the high-end segment in Vietnam, signed a co-development agreement with BCM to develop 18.9 hectares within the Binh Duong New City project, with a total development value of US\$780 million. Given Vietnam's status as a favoured FDI destination, as well as the rise of Binh Duong as a new residential development focus, BCM is on the right path to deliver long term growth.

Investment Portfolio – Ten Largest Investments

Company	Ticker	Sector	Market value	NAV	VN Index Weight	Total return	Initial acquisition
			US\$	%	%	%	
Mobile World Group	MWG	Retail	242,616,357	11.9	1.1	3.8	3 October 2014
Vietnam Prosperity Bank	VPB	Banking	230,814,469	11.3	2.9	(20.6)	1 January 1996
Asia Commercial Bank	ACB	Banking	217,364,675	10.7	1.4	(14.7)	1 December 1996
Hoa Phat Group	HPG	Material & Resources	131,135,832	6.4	2.2	(37.7)	18 June 2009
Vinhomes	VHM	Real Estate & Construction	108,594,397	5.3	5.9	(23.6)	18 May 2018
FPT Corporation	FPT	Software & Services	98,650,652	4.8	1.7	10.1	3 July 2008
Duc Giang Chemical	DGC	Material & Resources	74,926,951	3.7	0.4	55.0	22 March 2022
Techcombank	TCB	Banking	69,551,742	3.4	2.7	(30.3)	3 May 2018
Vietcombank	VCB	Banking	68,674,756	3.4	7.8	(6.9)	7 February 2012
PVGas	GAS	Energy	67,684,043	3.3	4.8	17.7	23 November 2010
Total 10 investments			1,310,013,874				

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

2. Portfolio Manager's Report (Continued)

After two great years, during which Net Sales more than doubled and Net Profit After Tax and Minority interest (“NPAT-MI”) more than quadrupled, Hoa Phat Group’s (“HPG”) earnings were lower in the first half of 2022 compared with its recent high standards. This caused the share price to plummet 37.7% in the same period. Whilst the top line continues to grow with Net Sales in the first half of 2022 up 22.7%; NPAT-MI was down 27.0% y-o-y. The compression in margins was due to both falling output prices toward the end of the second quarter and surging input prices, with coking coal prices doubling since late 2021. Despite current difficulties in the steel sector, the long-term growth trajectory for the sector is largely intact as the Government reiterates its determination to invest in and upgrade the infrastructure network in the country. The fiscal investment programme will subsequently support rapid urban development, which will in turn further drive demand for steel and other materials. As for HPG, the company now looks towards its next growth driver in the expansion of the current Dung Quat Mega steel complex. The second phase will raise current production capacity by another 65% and is expected to complete by 2025.

Amidst a downbeat mood in the equity market in the first half of 2022, there were pockets of strength, most notably among the consumer & services sectors. Representatives in these sectors in VEIL’s portfolio were Mobile World Group (“MWG”), up 3.8%, Phu Nhuan Jewelry (“PNJ”), up 32.3% and FPT Corporation (“FPT”), up 10.1%.

For MWG, the biggest retailer in Vietnam, the company had been on an expansion path ever since the end of 2021’s COVID-19 lockdown. Taking advantage of the availability and cheap commercial rental space post-COVID-19, the company has rolled out several pilot programmes in various segments. Although certain segments were halted, such as fashion and jewellery, others are still in the process of being fine-tuned further, such as mum and baby and sports goods. A new area for focus for MWG this year has been the mass expansion of its pharmaceutical retail chain, An Khang Pharmacy, with the company targeting 800 stores by the end of 2022, from just 180 stores at the beginning of the year. An Khang, together with the remaining pilots, will serve as potential new growth drivers for the company in the longer term. In the immediate future, the focus remains on restructuring Bach Hoa Xanh, the grocery segment, to prepare the chain for a pre-IPO plan by the end of 2022 or early 2023 as stated by management. If successful, the transaction would potentially unlock one of the most valuable parts of MWG’s retail empire. This would be a noteworthy catalyst for the rerating of the whole group.

VEIL’s other focus in the consumption-related sector was PNJ, the biggest jewellery retailer in Vietnam. After a tough 2021 due to the various lockdowns, PNJ has been a big benefactor of the pent-up demand in 2022, with top line growth for the first half of 2022 reaching 56.5% y-o-y and bottom-line growth up 48.0% y-o-y. This remarkable improved performance is a good indicator that the spending power of the affluent group of customers has largely been unaffected. In the first half of 2022, PNJ also successfully raised US\$62 million from a private placement to fund the construction of its new factory as well as further store expansion in 2nd second and 3rd third tier cities. With its ambitious expansion, both in term of store footprint and production capacity, the PNJ brand name has started to stand out among the rest as a dominant leader in a highly fragmented jewellery market.

FPT, the biggest software service company in Vietnam, also recorded outstanding growth numbers in the first half of 2022. Net Revenue for the first half of 2022 was up 22% y-o-y and NPAT-MI growth was up 31% y-o-y as demand for digital transformation remains high across all business segments. Additionally, FPT Education, a much less well-known segment of the business, has started to contribute materially to FPT’s overall business performance, with both top-line growth exceeding 40% for the first half of 2022. Looking toward the future, FPT has started venturing into the Cloud business. Whilst still loss-making currently, it could become a key growth driver for FPT, completing the value-chain services that it has to offer its clients.

2. Portfolio Manager's Report (Continued)

Outlook

At the half-year point, the uncertainties surrounding global markets that clouded the first half of 2022 has not dissipated by any means. Domestically, VEIL can be more confident that Vietnam will overcome the short-term challenges that have further dampened local sentiment in the first half of 2022. Against a volatile global backdrop, one can take comfort in the fact that, whilst Vietnam is unlikely to entirely escape the storm, the structurally supportive macroeconomic conditions should help it weather the current challenges relatively well compared with regional frontier and emerging markets.

Despite the drawdown in the equity markets, expected earnings growth for 2022 has not been heavily impacted. The Dragon Capital's Top-80, which represents 81.7% of the VN Index, is still forecast to deliver over 20% in EPS growth and is now trading at just 9 times price-to-earnings ratio, well below its 5-year average of 12 times, which, in the Portfolio Manager's view, is a very undervalued growth to value profile when compared with other markets in the region. The current market valuation offers a rare opportunity for investors to pick up companies that should, in our view, not only survive the storm, but also thrive in the coming years. As ever, the Portfolio Management team, together with the Research team, is actively screening for the next market leader to emerge out of this current storm and the Portfolio Manager looks forward to updating shareholders in due course.



Vu Huu Dien
Portfolio Manager
Vietnam Enterprise Investments Limited
8 September 2022



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 July 2014 / Chair from July 2022)

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 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.



Senior Independent Non-Executive Director
(Appointed May 2019 / SINED from July 2022)

Entela Benz-Saliasi

Ms. Benz-Saliasi holds a PhD in Financial Asset Management and Engineering. She has served as Adjunct Associate Professor at Department of Finance, HKUST Business School in Hong Kong for more than 13 years. Alongside teaching, she has been acting as a consultant for Impact and ESG Investing since 2007. She has done extensive industry work on the value of ESG and Climate Risk on company financial performance. She is the founder and CEO of Intensel, a fintech company that leveraged AI/ML and geospatial data for assessing climate risks. She sits on various boards in Hong Kong and the Philippines. As a financial professional she worked in the Investment bank and hedge fund industry before moving into a more academic role. In that role, she acquired comprehensive experience in analyzing financial statements, accounting policies, practices, and governance.



3. Board of Directors (Continued)

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.



Independent Non-Executive Director

(Appointed January 2022)

Sarah Arkle

Sarah Arkle is an investment professional with over thirty years' experience. Originally working for Save and Prosper Group and WI Carr (Overseas) Ltd, she joined Threadneedle Asset Management (now Columbia Threadneedle) in 1983. She held various fund and senior management positions there, including ten years as Chief Investment Officer, before retiring in 2011. Since 2012, Sarah has been a member of the Prince's Trust Women Supporting Women Group. She is currently Chairman of JPMorgan Emerging Markets Investment Trust and non-Executive Director of Vietnam Enterprise Investments Ltd.



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 2022, 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 14 July 2022 (the “2022 AGM”), the resolutions numbered 1 to 9 in the notice of meeting for the 2022 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 2021 together with the auditor’s and Directors’ reports thereon.
- (2) To re-appoint KPMG Limited of Vietnam as auditor of the Company and to authorise the Board to fix their remuneration.
- (3) To re-elect Gordon Lawson as a Director of the Company.
- (4) To re-elect Vi Peterson as a Director of the Company.
- (5) To re-elect Entela Benz-Saliasi as a Director of the Company.
- (6) To re-elect Low Suk Ling as a Director of the Company.
- (7) To elect Sarah Arkle 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 par value each provided that:
 - (i) the maximum aggregate number of Ordinary Shares that may be purchased is 14.99 per cent. of issued and outstanding share capital as at 31 May 2022 (i.e. 31,302,245 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 Technical Standards referred to in Article 5 (6) of the UK Market Abuse Regulation; and
 - (iv) the authority conferred by this resolution shall expire on 31 December 2023 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.

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 2022.

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 2022 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 2022 (six-month period ended 30 June 2021: Nil).

Share Capital

Details of movements in the Company’s share capital during the period are presented in Note 8. As at 30 June 2022, the Company had 208,626,679 Ordinary Shares and 1,000 Management Shares outstanding (31 December 2021: 213,533,847 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:

- Gordon Lawson – Chair (from 1 July 2022)
- Stanley Chou – Chair (until 30 June 2022)
- Vi Peterson
- Entela Benz-Saliasi – Senior Independent Non-executive Director (from 1 July 2022)
- Low Suk Ling
- Sarah Arkle (from 5 January 2022)

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”). Save for Stanley Chou, who resigned from the Board effective 30 June 2022, all of the Independent Non-executive Directors were duly re-appointed at the AGM held on 14 July 2022 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.

5. Report of the Board of Directors (Continued)

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 2022 (31 December 2021: 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 Dragon Capital Management (HK) Limited, which is the Investment Manager of the Company, and Dragon Capital Markets Limited. As at 30 June 2022, Dragon Capital Markets Limited beneficially held 1,010,359 Ordinary Shares of the Company for investment and proprietary trading purposes (31 December 2021: 1,010,359 Ordinary Shares).

Gordon Lawson, Chair of the Company, is a beneficial shareholder of the Company, holding 25,000 Ordinary Shares of the Company as at 30 June 2022 (31 December 2021: 25,000 Ordinary Shares).

Sarah Arkle, an Independent Non-executive Director, is a beneficial shareholder of the Company, holding 4,696 Ordinary Shares of the Company as at 30 June 2022 (31 December 2021: 4,696 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 2022, the following shareholders owned more than 10 percent of the Company's issued Ordinary Share capital:

	Number of Ordinary Shares held	% of total Ordinary Shares in issue
Inter Fund Management S.A.	26,491,515	12.70
Bill & Melinda Gates Foundation	24,670,745	11.83

Subsequent events

Details of the significant subsequent events of the Company are set out in Note 15 to the condensed interim financial statements.

Auditors

KPMG Limited, Vietnam

5. Report of the Board of Directors (Continued)

Directors' Responsibility in Respect of the Financial Statements

The Board of Directors is responsible for ensuring that the condensed interim financial statements of the Company are properly drawn up so as to give a true and fair view of the financial position of the Company as at 30 June 2022 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 2022 are described in the Chair's Statement and the Portfolio Manager's Report. A detailed description of the principal risks and uncertainties faced by the Company are set out on pages 67 to 78 of the Annual Report for the year ended 31 December 2021 (Note 15 to the 2021 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:

- 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 2022 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.

5. Report of the Board of Directors (Continued)

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 2022, and of its financial performance and its cash flows for the period then ended in accordance with IAS 34 *Interim Financial Reporting*.

Signed on behalf of the Board by:



Gordon Lawson
Chair
Vietnam Enterprise Investments Limited
8 September 2022



Entela Benz-Saliasi
Senior Independent Non-executive Director
Vietnam Enterprise Investments Limited
8 September 2022

6. Independent Auditors' Report on Review of Interim Financial Information



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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 2022, the related statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the condensed interim financial statements ("the condensed interim financial statements"), as set out on pages 6 to 35. 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 2022 are not prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

On behalf of KPMG Limited's Branch in Ho Chi Minh City

Vietnam
Review Report No.: 22-01-00385-22-1



Nguyen Thanh Nghi
Deputy General Director

8 September 2022

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7. Statement of Financial Position

As at 30 June 2022

	Note	30 June 2022 US\$	31 December 2021 US\$	Change in %
CURRENT ASSETS				
Financial assets at fair value through profit or loss	5(i)	2,031,910,828	2,602,412,178	
Other receivables		1,895,784	1,686,695	
Balances due from brokers		3,050,596	1,232,092	
Cash and cash equivalents	6	8,334,456	9,853,132	
TOTAL ASSETS		2,045,191,664	2,615,184,097	(21.80)
CURRENT LIABILITIES				
Balances due to brokers		4,973,704	4,209,904	
Accounts payable and accruals	7	3,281,776	3,996,271	
TOTAL LIABILITIES		8,255,480	8,206,175	0.60
EQUITY				
Issued share capital	8	2,086,275	2,135,347	
Share premium	8	463,359,191	509,842,442	
Retained earnings		1,571,490,718	2,095,000,133	
TOTAL EQUITY		2,036,936,184	2,606,977,922	(21.87)
TOTAL LIABILITIES AND EQUITY		2,045,191,664	2,615,184,097	(21.80)
NUMBER OF ORDINARY SHARES IN ISSUE	8	208,626,679	213,533,847	
NET ASSET VALUE PER ORDINARY SHARE	9	9.76	12.21	(20.07)

Approved by the Board of Directors on 8 September 2022.



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 2022

	Note	Six-month period ended	
		30 June 2022	30 June 2021
		US\$	US\$
INCOME			
Interest income		13,596	9,470
Dividend income		5,413,339	3,436,906
Net changes in fair value of financial assets at fair value through profit or loss	5(ii)	(577,941,806)	703,286,672
Gains on disposals of investments		75,324,898	68,262,769
TOTAL (LOSS)/INCOME		(497,189,973)	774,995,817
EXPENSES			
Administration fees	10	(707,615)	(638,624)
Custody fees	10	(538,196)	(467,121)
Directors' fees	10	(155,000)	(82,500)
Management fees	10	(20,496,920)	(19,274,207)
Withholding taxes		(1,369)	(898)
Legal and professional fees		(287,293)	(388,148)
Brokerage fees		(50,000)	(50,000)
Finance costs		(1,827,256)	(623,469)
Other operating expenses		(44,375)	(58,777)
TOTAL EXPENSES		(24,108,024)	(21,583,744)
NET (LOSS)/PROFIT BEFORE EXCHANGE LOSSES		(521,297,997)	753,412,073
EXCHANGE LOSSES			
Net foreign exchange losses		(2,211,418)	(66,373)
(LOSS)/PROFIT BEFORE TAX		(523,509,415)	753,345,700
Income tax	11		-
NET (LOSS)/PROFIT AFTER TAX FOR THE PERIOD		(523,509,415)	753,345,700
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		(523,509,415)	753,345,700
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD ATTRIBUTABLE TO ORDINARY SHAREHOLDERS		(523,509,415)	753,345,700
BASIC (LOSSES)/EARNINGS PER ORDINARY SHARE	12	(2.48)	3.48

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 2022

	Issued share capital	Share premium	Retained earnings	Total
	US\$	US\$	US\$	US\$
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
Balance at 1 January 2022	2,135,347	509,842,442	2,095,000,133	2,606,977,922
Total comprehensive loss for the period:				
Net loss for the period	-	-	(523,509,415)	(523,509,415)
Transactions with shareholders, recognised directly in equity:				
Repurchase of Ordinary Shares	(49,072)	(46,483,251)	-	(46,532,323)
Balance at 30 June 2022	2,086,275	463,359,191	1,571,490,718	2,036,936,184

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 2022

	Note	Six-month period ended	
		30 June 2022	30 June 2021
		US\$	US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit for the period		(523,509,415)	753,345,700
Adjustments for:			
Interest income		(13,596)	(9,470)
Interest expense		702,256	623,469
Dividend income		(5,413,339)	(3,436,906)
Net changes in fair value of financial assets at fair value through profit or loss		577,941,806	(703,286,672)
Gains on disposals of investments		(75,324,898)	(68,262,769)
		(25,617,186)	(21,026,648)
Net cash flows from subsidiaries and joint ventures carried at fair value		41,194,697	64,051,505
Changes in balances due from brokers		(1,818,504)	(9,474,400)
Changes in balances due to brokers and accounts payable and accruals		49,305	7,031,009
		13,808,312	40,581,466
Proceeds from disposals of investments		381,597,473	247,795,239
Purchases of investments		(354,907,728)	(281,879,030)
Interest received		13,596	9,470
Interest paid		(702,256)	(623,469)
Dividends received		5,204,250	3,682,993
Net cash generated from operating activities		45,013,647	9,566,669
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		160,000,000	120,000,000
Repayments of borrowings		(160,000,000)	(120,000,000)
Repurchase of Ordinary Shares		(46,532,323)	(17,877,104)
Net cash used in financing activities		(46,532,323)	(17,877,104)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,518,676)	(8,310,435)
Cash and cash equivalents at the beginning of the period		9,853,132	24,769,597
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	8,334,456	16,459,162

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

11. Notes to the Condensed Financial Statements

For the six month ended 30 June 2022

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 venture as at 30 June 2022, 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%

Joint venture	Country of incorporation	Principal activities	% ownership
Dragon Financial Holdings Limited	British Virgin Islands	Investment holding	90.16%

As at 30 June 2022 and 31 December 2021, the Company had no employees.

2. BASIS OF PREPARATION

(a) Basis of accounting

The Company’s condensed interim financial statements for the six-month period ended 30 June 2022 have been prepared in accordance with IAS 34 *Interim Financial Reporting* and should be read in conjunction with the Company’s financial statements for the year ended 31 December 2021.

(b) Basis of measurement

These 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).

11. Notes to the Financial Statements (Continued)

For the six month ended 30 June 2022

2. BASIS OF PREPARATION (Continued)

(c) Functional and presentation currency

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

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

11. Notes to the Condensed Financial Statements (Continued)

For the six month ended 30 June 2022

2. BASIS OF PREPARATION (Continued)

Fair value of financial instruments

The most significant estimates relate to the fair valuation of subsidiaries 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.

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.

(a) Subsidiaries and joint ventures

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

Joint venture is a joint arrangement whereby the Company has joint control and rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Company is an investment entity and measures investments in its subsidiaries and joint ventures 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 and joint ventures were formed in connection with the Company in order to hold investments on behalf of the Company.

11. Notes to the Condensed Financial Statements (Continued)

For the six month ended 30 June 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Foreign currency transactions

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

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

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

(c) Financial assets and financial liabilities

(i) Recognition and initial measurement

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

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that 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.

11. Notes to the Condensed Financial Statements (Continued)

For the six month ended 30 June 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 directly held investments and investments in subsidiaries and joint ventures. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

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

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

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).

11. Notes to the Condensed Financial Statements (Continued)

For the six month ended 30 June 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

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 measured at amortised cost include balances due to brokers and accounts payable and accruals.

(iii) Fair value measurement

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

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

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.

11. Notes to the Condensed Financial Statements (Continued)

For the six month ended 30 June 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Measurement of ECLs

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

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

However, if the financial assets were credit-impaired, then the estimate of credit losses would be based on a specific assessment of the expected cash shortfalls and on the original effective interest rate.

11. Notes to the Condensed Financial Statements (Continued)

For the six month ended 30 June 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECLs in the statement of financial position

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

Write-off

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

(vi) Derecognition

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

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

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

For the six month ended 30 June 2022

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 condensed interim 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.

11. Notes to the Condensed Financial Statements (Continued)

For the six month ended 30 June 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net income from financial assets 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.

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

(k) Expenses

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

(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 2022 and 2021.

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) A person, or a close member of that person’s family, is related to the Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company.
- (b) An entity is related to the Company if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) The entity and the Company are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is a post employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to 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.

11. Notes to the Condensed Financial Statements (Continued)

For the six month ended 30 June 2022

4. TRANSACTIONS WITH RELATED PARTIES

Dominic Scriven O.B.E, a Non-executive Director, is a beneficial shareholder of the Company, holding 36,423 Ordinary Shares of the Company as at 30 June 2022 (31 December 2021: 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 Dragon Capital Management (HK) Limited, which is the Investment Manager of the Company, and Dragon Capital Markets Limited. As at 30 June 2022, Dragon Capital Markets Limited beneficially held 1,010,359 Ordinary Shares of the Company for investment and proprietary trading purposes (31 December 2021: 1,010,359 Ordinary Shares).

Gordon Lawson, Chair of the Company, is a beneficial shareholder of the Company, holding 25,000 Ordinary Shares of the Company as at 30 June 2022 (31 December 2021: 25,000 Ordinary Shares).

Sarah Arkle, an Independent Non-executive Director, is a beneficial shareholder of the Company, holding 4,696 Ordinary Shares of the Company as at 30 June 2022 (31 December 2021: 4,696 Ordinary Shares).

During the period, the Directors, with exception of Dominic Scriven O.B.E, earned US\$155,000 (six-month period ended 30 June 2021: US\$82,500) 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\$530,606 (six-month period ended 30 June 2021: US\$334,433). As at 30 June 2022, the broker fee payable to this broker was US\$7,324 (31 December 2021: US\$4,477).

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

(i) Financial assets at fair value through profit or loss reported in the statement of financial position:

	30 June 2022	31 December 2021
	US\$	US\$
Directly held investments (a)	891,936,195	1,137,326,975
Investments in subsidiaries and joint ventures (b)	1,139,974,633	1,465,085,203
	2,031,910,828	2,602,412,178

11. Notes to the Condensed Financial Statements (Continued)

For the six month ended 30 June 2022

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

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

	30 June 2022	31 December 2021
	US\$	US\$
Listed equity investments:		
At cost	699,927,087	700,877,999
Unrealised gains	141,800,482	436,448,976
At carrying value	841,727,569	1,137,326,975
Unlisted equity investments:		
At cost	53,348,427	3,762,362
Unrealised losses	(3,917,952)	(3,762,362)
At carrying value	49,430,475	-
Derivatives:		
At cost	-	-
Unrealised gains	778,151	-
At carrying value	778,151	-
	891,936,195	1,137,326,975

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

	30 June 2022	30 June 2021
	US\$	US\$
Opening balance	1,137,326,975	769,940,680
Purchases	354,907,728	281,879,030
Sales	(306,272,575)	(179,532,470)
Unrealised (losses)/gains	(294,025,933)	254,454,556
Closing balance	891,936,195	1,126,741,796

11. Notes to the Condensed Financial Statements (Continued)

For the six month ended 30 June 2022

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

(b) Investments in subsidiaries and joint ventures are fair valued at the net asset value of the subsidiaries and joint ventures with the major 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 and joint ventures fair valued in accordance with the Company's accounting policies. All cash flows to/from subsidiaries and joint ventures are treated as an increase/decrease in the fair value of the subsidiary and joint ventures.

The net assets of the Company's subsidiaries and joint ventures comprised:

	30 June 2022	31 December 2021
	US\$	US\$
Cash and cash equivalents	2,372,008	4,698,609
Financial assets at fair value through profit or loss (c)	1,132,736,875	1,455,238,030
Other receivables	2,305,426	1,417,772
Balances due from brokers	4,690,587	3,730,792
Total assets	1,142,104,896	1,465,085,203
Balances due to brokers	2,130,263	-
Total liabilities	2,130,263	-
Net assets	1,139,974,633	1,465,085,203

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

	30 June 2022	30 June 2021
	US\$	US\$
Opening balance	1,465,085,203	1,007,031,704
Net cash flows from subsidiaries and joint ventures	(41,194,697)	(64,051,505)
Fair value movements in investments in subsidiaries and joint ventures	(283,915,873)	448,832,116
Closing balance	1,139,974,633	1,391,812,315

11. Notes to the Condensed Financial Statements (Continued)

For the six month ended 30 June 2022

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

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

	30 June 2022	31 December 2021
	US\$	US\$
Listed equity investments:		
At cost	777,164,179	733,697,244
Unrealised gains	354,300,721	721,540,786
At carrying value	1,131,464,900	1,455,238,030
Derivatives:		
At cost	-	-
Unrealised gains	1,271,975	-
At carrying value	1,271,975	-
	1,132,736,875	1,455,238,030

Movements of investments held by the subsidiaries and joint ventures of the Company during the period were as follows:

	30 June 2022	30 June 2021
	US\$	US\$
Opening balance	1,455,238,030	983,928,129
Purchases	386,101,249	262,211,400
Sales	(342,634,314)	(186,331,541)
Unrealised (losses)/gains	(365,968,090)	316,042,844
Closing balance	1,132,736,875	1,375,850,832

Investment portfolio by sector was as follows:

	30 June 2022		31 December 2021	
	US\$	%	US\$	%
Banking	687,090,765	34	930,989,729	36
Real Estate & Construction	467,911,802	23	726,542,405	28
Material & Resources	280,958,437	14	347,931,918	13
Retail	242,616,357	12	250,350,072	10
Software & Services	98,650,652	5	111,191,175	4
Energy	89,795,583	4	31,876,434	1
Diversified Financials	66,786,943	3	110,950,794	4
Consumer Durables	64,568,579	3	43,307,640	2
Transportation	20,924,518	1	25,623,344	1
Food & Beverages	5,369,434	-	13,801,493	1
Net monetary assets kept by subsidiaries and joint ventures	7,237,758	1	9,847,174	-
	2,031,910,828	100	2,602,412,178	100

11. Notes to the Condensed Financial Statements (Continued)

For the six month ended 30 June 2022

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

(d) Restrictions

The Company receives income in the form of dividends from its investments in unconsolidated subsidiaries and joint ventures 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 and joint ventures for the purchase/sale of portfolio investments. During the period, the Company received support from its unconsolidated subsidiaries and joint ventures 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 and joint ventures.

(ii) Net change in fair value of financial assets at fair value through profit or loss reported in the statement of comprehensive income:

	30 June 2022	30 June 2021
	US\$	US\$
Unrealised (losses)/gains of investments directly held by the Company	(294,025,933)	254,454,556
Fair value movements in investments in subsidiaries and joint ventures	(283,915,873)	448,832,116
	(577,941,806)	703,286,672

6. CASH AND CASH EQUIVALENTS

	30 June 2022	31 December 2021
	US\$	US\$
Cash in banks	8,334,456	9,853,132

7. ACCOUNTS PAYABLE AND ACCRUALS

	30 June 2022	31 December 2021
	US\$	US\$
Management fees	3,005,445	3,670,990
Administration fees	220,791	263,281
Other payables	55,540	62,000
	3,281,776	3,996,271

11. Notes to the Condensed Financial Statements (Continued)

For the six month ended 30 June 2022

8. ISSUED SHARE CAPITAL AND SHARE PREMIUM

	30 June 2022	31 December 2021
	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 2021: 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	(122,942)	(73,870)
Shares in circulation:		
Ordinary Shares	2,086,265	2,135,337
Management Shares	10	10
Outstanding issued share capital in circulation	2,086,275	2,135,347

11. Notes to the Condensed Financial Statements (Continued)

For the six month ended 30 June 2022

8. ISSUED SHARE CAPITAL AND SHARE PREMIUM (Continued)

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

The Conversion Shares carry the exclusive right to dividends in respect of assets attributable to the Conversion Shares, in accordance with the provisions of Articles 106 to 114. No dividend or other distribution shall be declared, made or paid by the Company on any of its shares by reference to a record date falling between the Calculation Date and the Conversion Date as set out in the Articles. The new Ordinary Shares to be issued on conversion shall rank in full pari passu with the existing Ordinary Shares for all dividends and other distributions with a record date falling after the conversion date. In order for the holder of the Conversion Shares to participate in the winding up of the Company, the Conversion Shares, if any, which are in existence at the date of the winding up of the Company will for all purposes be deemed to have been automatically converted into Ordinary Shares and Deferred Shares immediately prior to the winding up, on the same basis as if conversion 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 2022 and 31 December 2021.

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 2022 and 31 December 2021, the following shareholders owned more than 10% of the Company's issued Ordinary Share capital:

	30 June 2022		31 December 2021	
	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	12.70	26,491,515	12.41
Bill & Melinda Gates Foundation	24,670,745	11.83	25,087,859	11.75

11. Notes to the Condensed Financial Statements (Continued)

For the six month ended 30 June 2022

8. ISSUED SHARE CAPITAL AND SHARE PREMIUM (Continued)

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

	Six-month period ended		Six-month period ended	
	30 June 2022		30 June 2021	
	Shares	US\$	Shares	US\$
Balance at the beginning of the period	213,533,847	2,135,337	216,935,108	2,169,350
Repurchase of Ordinary Shares during the period	(4,907,168)	(49,072)	(1,868,915)	(18,689)
Balance at the end of the period	208,626,679	2,086,265	215,066,193	2,150,661

Movements in share premium during the period were as follows:

	Six-month period ended	
	30 June 2022	30 June 2021
	US\$	US\$
Balance at the beginning of the period	509,842,442	542,487,042
Repurchase of Ordinary Shares during the period	(46,483,251)	(17,858,415)
Balance at the end of the period	463,359,191	524,628,627

9. NET ASSET VALUE PER ORDINARY SHARE

The calculation of the NAV per Ordinary Share was based on the equity of the Company as at 30 June 2022 of US\$2,036,936,184 (31 December 2021: US\$2,606,977,922) and the number of outstanding Ordinary Shares in issue as at that date of 208,626,679 shares (31 December 2021: 213,533,847 shares).

10. FEES

The management, administration and custody 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 2021: 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\$707,615 (six-month period ended 30 June 2021: US\$638,624). As at 30 June 2022, an administration fee of US\$220,791 (31 December 2021: US\$263,281) 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 2021: 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 custody fees amounted to US\$538,196 (six-month period ended 30 June 2021: US\$467,121). There were no custody fees payable as at 30 June 2022 and 31 December 2021.

Directors' fees

During the period, total directors' fees amounted to US\$155,000 (six-month period ended 30 June 2021: US\$82,500). There were no directors' fees payable as at 30 June 2022 and 31 December 2021. Dominic Scriven O.B.E has permanently waived his rights to receive directors' fees for his services as Director of the Company.

11. Notes to the Condensed Financial Statements (Continued)

For the six month ended 30 June 2022

10. FES (Continued)

Management fees

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.

During the period, total management fees amounted to US\$20,496,920 (six-month period ended 30 June 2021: US\$19,274,207). As at 30 June 2022, a management fee of US\$3,005,445 (31 December 2021: US\$3,670,990) remained payable to the Investment Manager.

Audit and non-audit fees

During the period, included in the legal and professional fees of the Company were audit and related fees amounting to US\$40,918 (six-month period ended 30 June 2021: US\$40,663) paid to the auditor, KPMG Limited. In addition, the non-audit fees payable to KPMG LLP were US\$14,877 for the six-month period ended 30 June 2022 (six-month period ended 30 June 2021: US\$14,877).

11. INCOME TAX

Under the current law of the Cayman Islands and the British Virgin Islands, the Company and its subsidiaries and joint ventures 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 loan/borrowing interest received from any Vietnamese companies. Dividends distributed from after-tax profits by Vietnamese investee companies to foreign corporate investors are not subject to Vietnamese withholding taxes.

11. Notes to the Condensed Financial Statements (Continued)

For the six month ended 30 June 2022

11. INCOME TAX (Continued)

Hong Kong tax

A fund would be exposed to Hong Kong Profits Tax (“HKPT”) if:

- a) 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% (2021: 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 Hong Kong tax.

See Note 13(C) for further details.

12. BASIC (LOSSES)/EARNINGS PER ORDINARY SHARE

The calculation of basic (losses)/earnings 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 (loss)/profit attributable to the Ordinary Shareholders

	Six-month period ended	
	30 June 2022	30 June 2021
	US\$	US\$
Net (loss)/profit attributable to the Ordinary Shareholders	(523,509,415)	753,345,700

(b) Weighted average number of Ordinary Shares

	Six-month period ended	
	30 June 2022	30 June 2021
	Shares	Shares
Issued Ordinary Shares at the beginning of the period	213,533,847	216,935,108
Effect of Ordinary Shares repurchased during the period	(2,671,120)	(233,148)
Weighted average number of Ordinary Shares	210,862,727	216,701,960

11. Notes to the Condensed Financial Statements (Continued)

For the six month ended 30 June 2022

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

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

	Six-month period ended	
	30 June 2022	30 June 2021
	US\$	US\$
Basic (losses)/earnings per Ordinary Share	(2.48)	3.48

13. 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 for the year ended 31 December 2021.

B. Fair values of financial assets and liabilities

(i) Valuation model

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

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

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

11. Notes to the Condensed Financial Statements (Continued)

For the six month ended 30 June 2022

13. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY (Continued)

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

The table below analyses the Company's financial assets 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 2022	Level 1	Level 2	Level 3	Total
	US\$	US\$	US\$	US\$
Financial assets at fair value through profit or loss				
• Listed equity investments	841,727,569	-	-	841,727,569
• Unlisted equity investments	-	49,430,475	-	49,430,475
• Derivatives	-	778,151	-	778,151
• Investments in subsidiaries and joint ventures	-	-	1,139,974,633	1,139,974,633
	841,727,569	50,208,626	1,139,974,633	2,031,910,828

As at 31 December 2021	Level 1	Level 2	Level 3	Total
	US\$	US\$	US\$	US\$
Financial assets at fair value through profit or loss				
• Listed equity investments	1,137,326,975	-	-	1,137,326,975
• Investments in subsidiaries and joint ventures	-	-	1,465,085,203	1,465,085,203
	1,137,326,975	-	1,465,085,203	2,602,412,178

11. Notes to the Condensed Financial Statements (Continued)

For the six month ended 30 June 2022

13. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY (Continued)

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

	Level 1		Level 2		Level 3	
	Six-month period ended		Six-month period ended		Six-month period ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	US\$	US\$	US\$	US\$	US\$	US\$
Opening balance	1,137,326,975	769,940,680	-	-	1,465,085,203	1,007,031,704
Purchases	305,321,663	281,879,030	49,586,065	-	-	-
Sales	(306,272,575)	(179,532,470)	-	-	-	-
Net cash flows from subsidiaries and joint ventures		-	-	-	(41,194,697)	(64,051,505)
Unrealised (losses)/gains recognised in profit or loss	(294,648,494)	254,454,556	622,561	-	(283,915,873)	448,832,116
Closing balance	841,727,569	1,126,741,796	50,208,626	-	1,139,974,633	1,391,812,315
Total unrealised (losses)/gains for the period included in net changes in fair value of financial assets at fair value through profit or loss	(294,648,494)	254,454,556	622,561	-	(283,915,873)	448,832,116

11. Notes to the Condensed Financial Statements (Continued)

For the six month ended 30 June 2022

13. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY (Continued)

The Company invests substantially all of its assets in its subsidiaries and joint ventures 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 and joint ventures.

	Level 1		Level 2		Level 3	
	Six-month period ended		Six-month period ended		Six-month period ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	US\$	US\$	US\$	US\$	US\$	US\$
Opening balance	1,455,238,030	983,928,129	-	-	-	-
Purchases	386,101,249	262,211,400	-	-	-	-
Sales	(342,634,314)	(186,331,541)	-	-	-	-
Unrealised (losses)/gains	(367,240,065)	316,042,844	1,271,975	-	-	-
Closing balance	1,131,464,900	1,375,850,832	1,271,975	-	-	-
Total unrealised (losses)/gains for the period included in net changes in fair value of financial assets at fair value through profit or loss	(367,240,065)	316,042,844	1,271,975	-	-	-

11. Notes to the Condensed Financial Statements (Continued)

For the six month ended 30 June 2022

13. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY (Continued)

C. Uncertainty

Although the Company and its subsidiaries and joint ventures are incorporated in the Cayman Islands and the British Virgin Islands, respectively, where tax is exempt, their activities are primarily focused in 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 and joint ventures 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 and its subsidiaries and joint ventures will be exposed to tax liabilities in Vietnam, and as a result, provision for tax liabilities have not been made in the condensed interim 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-month period ended 30 June 2022.

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.

14. SEASONAL OR CYCLICAL FACTORS

The Company’s results for the six-month periods ended 30 June 2022 and 2021 are not subject to any significant seasonal or cyclical factors.

15. SUBSEQUENT EVENTS

From 1 July to 8 September 2022, the Company repurchased 1,000,755 Ordinary Shares for a total consideration of US\$7,877,844.39.

16. 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 2022.

12. Corporate Information

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13. Investor Information

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