VEIL Vietnam Enterprise Investments Limited

INTERIM REPORT 2017

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CONTENTS

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CHAIRMAN'S STATEMENT

Dear Shareholders,

Vietnam Enterprise Investments Limited ("VEIL" or the "Fund") performed strongly in the reporting period, gaining 26.1% and, thereby, beating its benchmark VN Index by 7.9%. The outperformance was mostly due to the recovery in the banking and real estate sectors. Additionally, the retail sector, with Mobile World Group ("MWG") as a core holding, performed well, gaining 33.2%. Meanwhile, VEIL continued benefiting from its local knowledge to participate in IPOs and private placements such as Vietcapital Securities Company ("VCI") and Viglacera ("VGC"), which contributed meaningfully to the Fund's performance. Thanks to this excellent performance, VEIL's market capitalisation now exceeds US$1.09bn, making it large enough to be included in the FTSE 250 Index from 18 July 2017. VEIL's discount also narrowed to 11.7% as of June-end this year from 17.2% at end of last year.

Vietnam's GDP grew at a sustainable rate of 5.7% in the first half of 2017, and while that was lower than the Government's target of 6.6%, short-term indicators such as the Purchasing Managers' Indexes ("PMI") remained strong, at 53.2 for the period. Inflation remains benign, declining from 5.2% year-on-year in January to just 2.5% by June. As for the currency, the USD/VND exchange rate was, despite two Fed rate hikes and strong import demands, the most stable currency in the region in the first half of 2017. At the same time, foreign reserves increased from US$41bn at the end of 2016 to US$42bn by the end of June, and thus should continue in the second half of 2017 thanks to large USD inflows into State Owned Enterprise ("SOE") divestments.

The stock market performed well in the reporting period, with the VN Index gaining 18.6%, closing at a nine-year high of 776. Foreign investors remain positive on Vietnam, demonstrated by their net buying for the six months this year, with a net inflow of US$389m year-to-date, the highest level since 2010. The market was hoping that Vietnam would be included in the annual MSCI Emerging Market's Index Watch List that was announced on 20 June 2017, but that did not happen. Still, the market did not react negatively to this, and a potential upside of non-inclusion might be to put more pressure on the authorities to accelerate market liberalisation. Although the pace at which IPOs of SOEs occurred in the first half of 2017 was slower than expected, with only six deals completed, we are anticipating thus to pick up in the second half of the year with 34 transactions in the pipeline. The market capitalisation of the three exchanges combined, namely the Ho Chi Minh City Stock Exchange ("HSX"), the Hanoi Stock Exchange ("HNX") and Unlisted Public Companies Market ("UPCoM"), rose to more than US$111bn by the end of June 2017 from US$86bn at year-end 2016. This was mainly due to new listings of big companies including VietJet Air ("VJC"), Petrolimex ("PLX") and Vietnam Airlines ("HVN").

The outlook for Vietnam's market in the second half of 2017 remains positive thanks to the stable growth of the economy: GDP is expected to grow by 7.4% while inflation is expected to remain at below 4%. The SOE privatisation programme is expected to include large companies including Binh Son Refinery, PV Power and PV Oil, together with the IPOs of large private companies, including VPBank, FPT Retail and Dong A Steel. And with the market's valuation still very reasonable compared to regional peers (2017 forecasts for the 50 largest companies yield an overall PER of 14.3x on earnings growth of 17%). VEIL is well positioned to benefit from Vietnam's long-term growth and the stock market's developments.

At VEIL's Annual General Meeting ("AGM") which took place at 1101-02, 11/F, Euro Trade Centre, 21-23 Des Voeux Road, Central, Hong Kong, on 6 June 2017 at 11:00am (Hong Kong time), all ordinary and special resolutions were passed by the required majority on a poll vote.

A detailed description of the principal risks and uncertainties faced by VEIL are set out on pages 59 to 68 of the Annual Report for the year ended 31 December 2016. The Board of Directors has not identified any new principal risks and uncertainties that will impact the remaining six months of the year.

Sincerely,

Wolfgang Bertelsmeier
Chairman
20 September 2017

A. Macro economy

Despite a slowdown in Industry and Construction sector, GDP growth likely beats 2016

After a surprisingly low the first quarter of 2017 GDP growth of 5.1% year-on-year, Vietnam's second quarter economic growth accelerated to 6.2% year-on-year, led by the recovery of the Industry and Construction sector. GDP grew by 5.73% in the first half of 2017, marginally higher than the 5.65% in the first half of 2016.

Nonetheless, growth remains below the Government's target: Calculations indicate that GDP needs to grow by 7.4% in the second half of 2017 to achieve the full year target of 6.6%. The Government is keeping to its target and is taking steps to reach this.

In the first half of 2017, the Service sector, accounting for 44% of GDP, grew by 6.9% its highest rate since 2010. The agriculture and fishery sector (11.2% of GDP) recovered as expected, growing by +2.6%, from a decline of 0.2% year-on-year in the first half of 2016.

However, the good performance of the service and agriculture sectors was not enough to compensate for the sharp unexpected slowdown in the industry and construction sector, which accounts for 34% of GDP. This sector grew at a slower pace than expected in the first half of 2017 (5.8%), compared to 7.4% in the first half of 2016.

The main factors contributing to the slowdown in the Industry and Construction sector were: (1) limited coverage of the private sector in GDP calculation; and (2) the decline in the mining sector, as well as mobile phone production.

(1) The survey used in the GDP calculation of General Statistics Office ("GSO") has historically been heavily skewed toward SOEs and major FDI manufacturers, with limited coverage of the private sector. However, from our observation, it is the private sector that has been the most exciting part of Vietnam's industrial production in the last three years. The best measure to gauge this would be the PMI, a survey of 250+ companies, the majority of which are private, and that number has been remarkably solid. We estimate the the first half of 2017 PMI at 53.2, the highest the first half ever, versus just 51.6 in the first half of 2016, a good indication of the improving growth in the private sector. On the ground, we see a wave of private companies raising new capital to finance their expansion in order to meet growing demand, something that their SOE counterparts may encounter constraints doing due to budgeting issues.

(2) Mobile phone and oil production: Mobile phone production was flat year-on-year due to a large reduction in the first quarter of 2017 production by Samsung Vietnam. Model changes and seasonality explain the sudden drop. Meanwhile, Samsung is ramping up its production of semi-conductors and displays in Vietnam, which will lead to a recovery in these segments in the coming quarters. However, oil and mining production may continue to face headwinds. But lower oil production would have more of an impact on the fiscal budget rather than on household income, and thus does not significantly impact the overall consumption picture.

In a way, the relatively disappointing first half of 2017 Industry and Construction number is a fair reflection of the current state of SOEs, but it does not accurately capture the dynamic of the private industrial sector, which is rapidly expanding and becoming a much more critical part of the equation. 2017 GDP growth may be lower than our forecast of 6.6% compared to 6.2% in 2016; however, we will keep our forecast for now.

Inflation remains benign and monetary policy accommodative

Core inflation should be benign at around 1.5% in 2017, as the economy is still operating below capacity for many sectors. Headline inflation was 2.5% year-on-year in June and 0.2% year-to-date, much lower than the market anticipated at the beginning of 2017. Despite the CPI going negative for a second consecutive month in June, we still expect price increases in 2017 due to higher healthcare and education fees and rising costs of foodstuffs and petroleum.

According to the GSO, as at the end of June, bank credit grew by about 8.0% year-to-date, or about 20.0% year-on-year. This compares to estimated growth of 7.1% compared to 8.4% in the same period last year. This is still in line with the Government target of 18.0% for the year, as the second half credit growth is always higher than the first half growth. The first half credit growth was concentrated more in good banks with low NPLs and low LDRs, so the cap on credit growth of 18.0% for many banks would limit overall credit growth in the second half.

Given benign inflation and lower-than-desired GDP growth, the State Bank of Vietnam ("SBV") cut interest rates in early July. The refinance rate will decrease to 6.25% p.a. from 6.50%, while the discount rate will decrease to 4.25% p.a. from 4.5%. In addition, the maximum lending rate for short-term loans will be reduced by 0.50%. As such, the measure of the SBV aligns with general Government guidance to ease interest rates in order to bolster credit and economic growth in the second half of 2017. Hence, the SBV is likely to lift the credit growth cap for some major banks in the second half. However, given the modest extent of the rate reduction, we think its impact on the overall economy will not be significant.

Bad debt solution programme and clean-up of banking

INVESTMENT MANAGER'S REPORT (CONTINUED)

sector

Despite the banking sector having recovered, and substantial bad debts having been written off in the last five years, Vietnam Asset Management Company ("VAMC") still has US$10.3bn worth of bad debts on its balance sheet. VAMC has resolved US$2.2bn worth of bad debt (2015-current), bringing total bad debt down from US$12.5bn to US$10.3bn. It plans to resolve another US$6.6bn by 2020, leaving only US$3.7bn unresolved.

To facilitate VAMC in resolving bad debt, in June, the Government's proposal on a bad debt resolution program was approved by the National Assembly. Regarding collateral, the debt resolution program is expected to empower the banks with a wide range of new options, including the ability to take full control of the assets that they hold as collateral, to sell these assets at market price - even if it is lower than book value, and to expedite judicial proceedings against delinquent borrowers.

The new resolution would also allow the VAMC to buy off-balance sheet bad debt and sell it at the market price. This would accelerate the process of resolving the bad real estate debt, which constitute a large portion of the problem loans in the system. Additionally, in order to mitigate the negative impact on banks of bad debt resolution, the booking provision for fee and interest receivables would be spread over a ten year period. The resolution would be in effect for five years, with a possible starting date of August 2017.

External position and currency: Remain solid

Vietnam's exports reached US$98bn in the first half of 2017 (+18.8%), much higher than the 6.0% growth in the first half of 2016. Key drivers were electronics, cell phones, which accounted for US$31bn (+25% vs. the six months of 2016), and agriculture-related products (US$10.3bn, +19.5%). A rapidly rising new export item is fruits, which approached US$2bn in the first half , representing a stunning growth rate of 50%.

The US remained the largest export market at US$19.6bn, +9.8%, vs. +12.8% in the first half of 2016. The EU was second at US$18.2bn, +12.8% compared to +9.5% in the first half of 2016. We expect exports to the EU to increase further as a result of the rectification of VN-EU FTA in early 2018. An unexpected surprise was the surge in exports to China - to US$13bn, up 42.5%. Key contributors to export growth to China were electronics and fruits. Given the significant increase in China's middle class, the demand for tropical fruits there is increasing at around 15% per year. Vietnam is shifting from traditional rice farming to fruit plantation, which has a much higher economic value. We expect Vietnam's exports to China will continue to increase in the coming years.

Imports came in at US$100.5bn, up 24.1% in the first half of 2017 vs. zero growth in the first half of 2016. We divide imports into three categories: (1) machinery, equipment and component parts (US$43.8bn, +27.0%); (2) intermediate and input materials (US$48.4bn, +22.6%); and (3) consumption (US$8.3bn, +18.6%). Machinery and equipment imports grew particularly robustly to US$18.4bn, +37.8% vs. -5.9% in the first half of 2016.

China remained Vietnam's largest import market at US$27.0bn, +16.8%. However, the most surprising market was Korea, which accounted for US$22.5bn of Vietnam's the first half of 2017 imports, up 52%, consisting mostly of machinery and input materials.

The first half of 2017 trade deficit was US$2.5bn, resulting from a surge in machinery imports (+37.8% vs. -5.9% in the first half of 2016 - equivalent to a net US$5bn in additional imports) and a recovery of domestic consumption. The surge in machinery imports and the increase in Korea's export to Vietnam at that same time was a coincidence in our view and seems consistent with the expansion of Korea's Foreign Direct Investment ("FDI") in Vietnam. As such, the trade deficit is not an issue yet. However, it is likely that Vietnam will continue to have a trade deficit in 2017.

In the first half of 2017, registered FDI surged by 54.8% year-on-year to US$19.2bn, a strong recovery from the slowdown in registered FDI in May, +1.7% year-on-year. The key drivers were the US$4.9bn registered by two large FDI power projects. However, disbursed FDI rose only 6.5% to US$7.7bn in the first half of 2017. We think the FDI disbursement is approaching its peak. However, Vietnam has probably passed the stage of taking all FDI projects, and it now needs to be selective rather than focus on high FDI numbers.

Analysts are concerned about the slowdown in committed Official Development Assistance ("ODA") as Vietnam has moved out of the low-income country category. However, we think concerns are overdone, as Vietnam still received US$22bn in committed ODA, which it has not been able to disburse. The key reason for slow ODA disbursement is a lack of local capital contribution. So the slowdown in ODA commitment may not be a bad thing, as interest payments start as soon as the commitment is signed.

Forex reserves reached US$41bn at the end of 2016, compared to US$29bn in 2015. In the first quarter of 2017, the SBV reported a surplus of US$1.4bn in its Balance of Payments ("BOP"). Given the outlook for the trade balance, FDI, FII and ODA, we project a surplus of US$5.5bn for 2017.

The VND was stable during the first half of 2017, with the dong appreciating by 0.1% despite two Fed rate hikes. This was possible thanks to an environment of effective and flexible SBV monetary policies, and solid external positions. However, increasing demand for imports and a probably slightly negative current account deficit may put some pressure on VND at the end of this year. Given our expectation of benign inflation and a huge USD inflow into strategic deals from SOE divestment, it is hard to see how the VND will depreciate more than 2% in 2017.

Conclusion

Economic growth is likely to be below the Government's target. The slowdown in the reported growth number is explained by parts of the State sector, specifically, the mining sector. However, the private sector, which creates the majority of jobs, continues to do well. Both service and domestic consumption should continue to motor ahead as the key growth engines in 2017. For all the fears at the start of the year from both Fed rate hikes and a trade deficit in the first three months, the FX rate has been remarkably calm in 2017. We expect a slight downward adjustment to the VND toward the end of 2017.

Vietnam is experiencing moderate, stable growth. The biggest risk to the Vietnam story, arguably, does not come from within. Global uncertainties that were created in 2016-17 are likely to persist. However, with a Government committed to reform, and macroeconomic indicators pointing in the right direction, Vietnam has never been better positioned to face these headwinds.

B. Stock market

Market performance

The Vietnam Index ("VN Index") rose 18.6% in total return in USD terms ("TR$") in the first six months of 2017 to close at 776. Average daily trading value rose 64.7% year-on-year to US$169m. Foreign investors were net buyers again, with a total inflow of US$389m in the first half of 2017, already more than the US$345m total outflow for all of 2016.

A half year of new highs

The market set a new nine-year high in five out of the six months of the first half, taking a breather only in April. Market sentiment was strong throughout the half, notwithstanding several events, such as two FED rate hikes, a disappointing first quarter GDP number, and the dismissal of a Politburo member. Investors focused on corporate earnings growth, which remained solid, and the on-going market reforms, which have been a key agenda of the new Government since the start of 2016.

On-going market reforms are starting to bear fruit

Thanks to unprecedented efforts to expand the capital market, Vietnam's total equity market capitalisation surpassed US$100bn in March, and by the end of June had grown to over US$111bn. There are now 22 companies with a market cap of US$1bn or more, compared to just 10 companies 12 months ago, and market liquidity has also increased significantly.

Meanwhile, market accessibility continued to improve as more companies elected to raise their Foreign Ownership Limits ("FOL") after the landmark Decree 60 last year. Notable companies raising their FOLs include industry leaders such as Domesco ("DMC") and Duoc Hau Giang ("DHG") in the pharmaceutical sector, Vinh Hoan Corporation ("VNC") in the fisheries sector, and Ho Chi Minh Infrastructure Corporation ("CII"). The Vietnamese market is growing on all fronts, which should advance the State Securities Commission's ("SSC") case for emerging market status classification for the country.

Update on stock market developments

New products on the horizon

After several years of preparation, the SSC announced the introduction of a futures market. No precise date has been set yet for the official opening of the market, but it is expected to start at some point in the third quarter of 2017. Initially, the contracts available will be limited to futures on the VN30 Index, the HNX30 Index, and a synthetic Government bond, but the variety of products on offer should increase over time. Additionally, the Ministry of Finance also issued a circular detailing the regulatory framework for the introduction of covered warrants, which is expected to kick off after the futures market.

INVESTMENT MANAGER'S REPORT (CONTINUED)

Privatisation of SOEs and IPOs of private companies

The first three months of the year were relatively quiet in terms of new offerings, partially due to the Lunar New Year holiday. As we approached mid-year, deal-making activity started to pick up. First, there was the public auction of a SOE, VGC, the leading glass and tile maker in Vietnam. The highly-contested second auction of VGC in successive years was 2.6x times oversubscribed. In the end, foreign investors won 92% of the auction at an average price that was 32% higher than the starting price.

Several other transactions are in the works now and are expected to be completed in early the third quarter of 2017. Among these is the IPO and listing of VCI, the third-biggest securities firm by brokerage market share, and a deal-making specialist. Vietnam Prosperity Bank ("VPB"), the leading player in consumer finance, is another large company that has attracted much attention, both at home and abroad. According to its AGM plan, the bank is looking to raise up to 15% of new capital and intends to list its shares on the HSX in the third quarter of 2017.

Looking toward the end of the year, we expect the Privatisation/IPO pipeline to accelerate again. Several large companies have been confirmed, including IDICO (industrial park developer), Becamex IDC (industrial park and urban developer), PVPower (gas-powered plant developer), PVOil (oil and petroleum distributor) and Binh Son Refinery (the first oil refinery in Vietnam).

As regards the divestment of Vinamlik ("VNM") and Sabeco ("SAB"): After the listing of SAB last year and the rushed auction of VNM, there has been no noteworthy progress on the divestments of these two companies, aside from an affirmation that the Ministry of Industry and Trade must complete some form of stake sales before the end of 2017. The underwhelming result of VNM's auction late last year made it clear that it would be nearly impossible to attract any kind of attention from potential strategic industry buyers if there is not a majority stake on the table, or at least a significant stake that would allow for future consolidation. We will continue to follow the progress here with keen interest.

Equity outlook

After such a strong first half, it would only be natural to approach the second half with some caution. That said, we remain confident about the outlook for the rest of the year. We believe the current economic climate remains accommodative to the development of the financial market. The Government's actions so far this year suggest that they are as committed as ever to financial market reform.

If the expected Privatisation/IPO pipeline comes through, there will be plenty of opportunities for investors. In the short term, though, strong market sentiment may create some distortion to the VN Index due to the listing of these big cap SOEs, not all of which may be investible. However, longer term, it is the growth prospects, corporate governance standards and shareholders' treatment that will determine how these stocks perform. As such, it will be an exciting environment for stock pickers.

Currently, we expect our Top 50(*) to deliver 17.0% EPS growth on just 14.3x forward earnings, still over 20% below regional peers such as Thailand, the Philippines, Malaysia and Indonesia. As a result, we continue to believe that Vietnam is an attractive investment opportunity.

(*) Dragon Capital's Top 50 companies are comprised of those which meet the following criteria:

(1) Large market cap which represents Vietnam market and our portfolios
(2) Forecastable earnings
(3) Investable with decent liquidity and corporate governance

Top 50 components are reviewed on quarterly basis to reflect new listings to the market.

C. VEIL

Fund performance

The first half of 2017 saw the VN Index rise 18.6% (TR$) to a nine-year high of 776. After the first year of net foreign selling in 2016, foreign investors returned en masse in the first half of 2017 with a net inflow of US$389m, the highest first half inflow since 2010.

The market's rise was led by the banking sector, which saw good news on several fronts: at the start of the year, the PM gave the clearest indication yet that the Government is ready to lift foreign ownership limit FOLs for banks, albeit likely on a case-by-case basis. Sentiment was further boosted by the apparent official delay of the implementation of Basel II until 2020, allowing banks more time to raise capital to meet the new capital adequacy ratio requirements. Lastly, the long-awaited removal of the regulatory constraints holding back bad debt resolution was finally approved by the National Assembly in June. This decision marks a significant step towards creating a viable regulatory framework for the disposal of non-performing assets.

In a continuation of the deepening process that was a key theme in 2016, the total market capitalisation of all three of Vietnam's stock markets surpassed the US$100bn mark for the first time in March, and grew to US$111.4bn by the end of June. This trend is being driven by both organic growth from currently listed firms, as well as by initiatives from the Government that accelerate the listing of privatisations and newly IPO-ed companies. The expansion of the equity market is an important part of the Government's effort to get Vietnam upgraded to emerging market status.

There was hope for inclusion in the MSCI emerging markets watch list this June, but these hopes proved to be premature. The non-inclusion was a reminder that there is still a lot of work to be done in terms of financial market liberalisation before Vietnam can realistically expect to be upgraded.

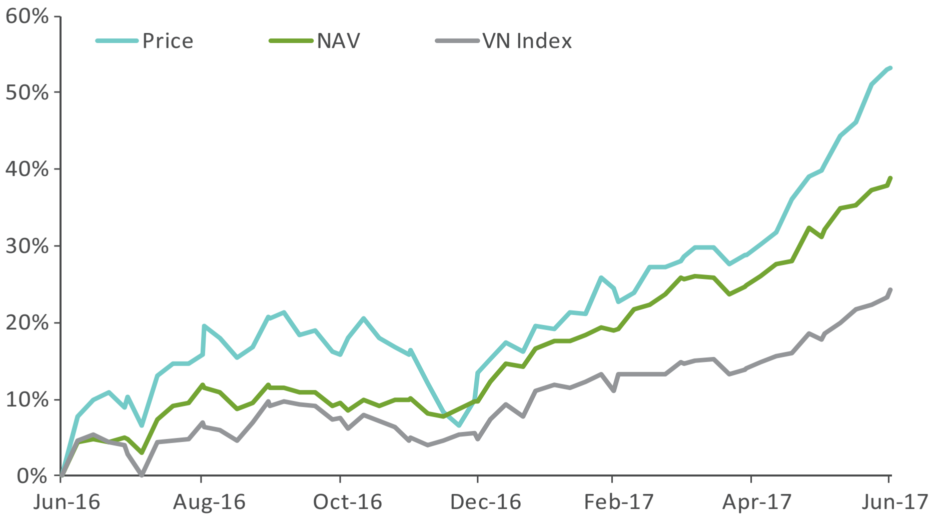
VEIL performed strongly in the first half, beating the VN Index by 7.9%, driven mainly by the banking sector. Both of VEIL's overweight positions, Military Bank ("MBB", 6.9% of NAV, +59.3%) and Asia Commercial Bank ("ACB", 5.9% of NAV, +47.1%), delivered significant gains in the sector.

The real estate sector also did well, with every holding achieving double-digit gains in the period. Notably, Dat Xanh Group ("DXG", 2.1% of NAV, +62.9%) further solidified its transformation as the one of the top real estate brokers into one of the best mid-range developers in Ho Chi Minh City. Similarly, DIC Group ("DIG", 1.3% of NAV, +103.9%) was a major turn-around case this year when the company's land bank benefited from robust deal making at the project level. And Khang Dien House ("KDH", +39.3%) continued to cement its position as one of the top developers in the eastern region of Ho Chi Minh City.

The food and beverage sector, represented by the Fund's biggest holding VNM (+25.5%), beat consensus expectations as the management team hedged rising input costs at the right time, thereby ensuring the company would still deliver solid profit growth this year.

In the retail sector, our second-biggest holding MWG (+33.2%) also performed well on good first half financial performance as well as the pace at which the company has been expanding its grocery chain.

VEIL performance



Source: Dragon Capital

INVESTMENT MANAGER'S REPORT (CONTINUED)

On the downside, Vinatex ("VGT", -17.1%) was the biggest drag on the Fund's performance as TPP did not come to pass and the company was slow in transitioning from a holding entity into a direct manufacturing entity. The Fund's underweight in the energy sector, which rose 8.8% mainly on the rally of newly-listed PLX (+41.0%), also hurt the outperformance of VEIL compared to its benchmark.

Attribution analysis

The banking sector roared back to life in the first half of 2017 after a somewhat subdued 2016. The sector rose 45.4% (TR$) and was the top contributor (+6.8%) to VEIL's overall performance in the first half. VEIL's biggest bank holdings, ACB and MBB, delivered the highest returns in the sector.

For MBB, a bank whose valuation had always been rated below peers by the market due to its lack of transparency and its conservative approach, the change of CEO in January was a catalyst. The new CEO, Mr Luu Trung Thai, was determined to improve MBB's growth and profitability, as well as investor relations. The bank posted solid first half of 2017 results, with net interest income and non-interest income rising 42% and 98% year-on-year, respectively, leading profit before tax to rise 36% year-on-year to VND 2.5bn. The rise in profits was driven by credit growth of 14.6%, nearing the 18% limit approved by the SBV, though it is likely that MBB will request this quota to be raised to 20% in the second half of 2017. NIM expanded 85 basis points ("bps") to 4.3% as yields from both customer loans and from its bond portfolio increased 88 bps and 34 bps respectively, whilst deposit costs rose only 9 bps. NPLs dropped to 1.3% while provisioning expense increased a massive 127% year-on-year. It was not just the promising results that drove the substantial rerating of MBB's share price in the first half of 2017. The bank also appointed a new head of investor relations, in an effort to improve its image in investors' eyes. Thus far, the efforts have been well received by the investment community.

In the case of ACB, 2017 should be the last year of provisioning for its "legacy loans" (which stemmed from the imprisonment of a former bank executive). The fall in provisioning expense further enhanced the "good bank's" already fine performance: the first half of 2017 net interest income grew 19.4% year-on-year, leading to a 52.4% year-on-year surge in profit before tax. Going forward, we believe that ACB will continue to build on its current strength to regain its position as one of the leading retail banks in Vietnam.

The real estate sector was the second-biggest contributor to VEIL's performance (+5.5%), rising 32.9% (TR$). Due to the size of its holding, DXG (+62.9%) was the biggest contributor in the sector to VEIL's performance. The company benefited immensely from the booming demand of the mid-range segment of residential apartments. The company's first half performance was strong, with earnings reaching VND 203bn, up 36% year-on-year. Its presales were strong, with all 500 units of the Lux Garden project sold in the first half of 2017. Construction of the Opal Riverside and Opal Garden projects is on course for the fourth quarter of 2017 delivery, which should help drive profit up 31% this year compared to 2016. We retain our favourable view of DXG as it continues to benefit from the growing mid-range segment and leads the market in total property transactions.

In terms of percentage gain, DIG (+103.9%) was the stand out performer, fuelled by its turnaround. The company was trading at just 0.7x book value (PBR) at the start of the year, in spite of its bank of over 1,000 ha of undeveloped residential and resort land. Favourable market conditions allowed DIG to successfully divest its Dai Phuoc project and related assets, which should bring in around VND 1,000bn in revenue and VND 200bn in profit in 2017. The company is now looking to deploy that cash to develop the Vinh Yen project, which should be the key driver for DIG over the next few years.

Sector return and contribution

Sector	Portfolio return %	VN Index return %	Portfolio contribution %
Banks	45.4	29.1	6.8
Real Estate	32.9	20.3	5.5
Food and Beverage	22.1	15.6	3.7
Retailing	33.2	29.4	2.4
Materials and Resources	24.8	18.4	2.3
Diversified Financials	33.8	15.8	1.5
Software & Services	25.1	25.1	1.5
Transportation	14.3	35.4	1.2
Capital Goods	27.3	(4.1)	1.1
Pharmaceuticals	26.7	62.9	0.5
Energy	(4.1)	8.8	(0.3)
Consumer Durables & Apparel	(29.2)	38.2	(0.6)

Source: Dragon Capital, Bloomberg

Khang Dien House ("KDH", 39.3%) was another outstanding performer in the sector. After taking over Binh Chanh Investment ("BCI") last year, KDH now has a 400 hectare land bank in the Binh Chanh area, in addition to the 40-50 hectare land bank in District 9 of Ho Chi Minh City to be developed. Sales progress for current projects remained strong, with an estimated 600 apartments and 400 townhouses sold in the first six month alone. The first half of 2017 revenue surged 43% year-on-year to VND 1,797bn, and net profit after minority interest rose 16% to VND 233bn. The company is looking to raise VND 1,400bn via rights issue to acquire more land in Districts 2 and 9 of Ho Chi Minh City. As a long-term investor in KDH, we continue to like the company's execution and ambition, and we plan to subscribe to its upcoming rights issue.

The third-biggest contributor to VEIL's performance (+3.7%) was the food and beverage sector, with VNM, VEIL's biggest holding, gaining 25.5% (TR$). The company posted solid first half of 2017 numbers, with revenue and net earnings growing at 11.5% and 17.8%. The result was above the market consensus of flat earnings at the start of the year, when it was feared that rising input costs would hurt the company's performance. However, the management team picked the right time to hedge input costs, thereby ensuring the company's profit margin would not be too affected by volatile input costs.

As for SAB (+5.4%), after last year's meteoric rise immediately following its listing, the stock has been essentially flat due to its uninspiring the first half of 2017 results (net earnings -1.1%) and a lack of news regarding the Government's divestment plans. It is likely that the sale of the Government's stake will still happen this year, as directed by the Prime Minister, but the success of the offering will depend on its size. A majority stake offering would definitely attract widespread attention from international strategic players, many of whom have made their interest known. A minority stake would unlikely allow a buyer to make any changes to SAB. VEIL will continue to monitor the situation, but given the company's stretched valuation (PER of 29x TTM) and no clear plan for the Government's divestment, we will remain underweight the company for the foreseeable future.

Top 10 holdings

Company	Sector	NAV %
Vinamilk	Food and Beverage	12.5
Mobile World	Retailing	7.6
Military Bank	Banks	6.9
Asia Commercial Bank	Banks	5.9
FPT Corp	Software & Services	5.8
Hoa Phat Group	Materials and Resources	4.4
Vietjet Air	Transportation	4.3
PV Gas	Energy	4.1
Khang Dien House	Real Estate	3.7
ACV	Transportation	3.4

Asset allocation by asset class[1]

Asset class	30 June 2017	30 June 2016
	%	%
Equities	96.8	93.0
OTC equities	3.8	7.1
Cash[2]	1.2	0.6
Others	-	0.4
Loans	(1.6)	(1.1)
	100.0	100.0

Asset allocation by sector[1]

Sector	30 June 2017	30 June 2016
	%	%
Real Estate	16.7	14.8
Banks	16.5	19.5
Food and Beverage	15.3	18.8
Materials and Resources	10.8	11.7
Transportation	8.0	2.8
Retailing	7.6	2.4
Energy	6.0	8.8
Software & Services	5.8	6
Others	5.7	4.6
Diversified Financials	4.5	6.3
Pharmaceuticals	1.8	3.3
Consumer Durables and Apparel	1.7	1.5
Cash[2]	1.2	0.6
Loans	(1.6)	(1.1)
	100.0	100.0

[1] For a full portfolio listing, please see Note 6 to the financial statements
[2] Cash includes cash and cash equivalents, receivables and payables

INVESTMENT MANAGER'S REPORT (CONTINUED)

In the retail sector, MWG (+33.2%) still performed very well after last year's 83.2% gain. The company posted strong first half of 2017 results, with revenue up 62% year-on-year and net earnings up 28%. The slower pace of net earnings growth is partly attributable to the fact that by the end of the first half of 2017, MWG had opened 111 "Bach Hoa Xanh" ("BHX") stores, which were still making losses. Still, the BHX concept will be the key growth driver for MWG in the future. Over the last six months, we observed many positive changes during the fine-tuning process of this concept, with BHX now offering fresh meat as well as fruits and vegetables. The company targets to open up to 250 stores, and expects break even on an EBITDA level by the end of this year.

On the down side, the biggest drag on VEIL'S performance was the consumer durables sector, represented by VGT (-17.1%), which fell after its listing at the start of the year. The company is going through a process in which it is trying to transform from a traditional holding company into a more direct manufacturing company. The first half of 2017 results were disappointing, with net earnings falling by 5% year-on-year.

A rising energy sector also weighed on VEIL's the first half of 2017 performance, as we were underweight the sector due to volatile oil prices and a poor outlook. PetroVietnam Drilling ("PVD", -33.1%) was a prime example of the exceptional margin squeeze on service companies in the industry. The company recorded a VND 246bn loss in the first half of 2017 vs. a VND 76bn profit over the same period last year.

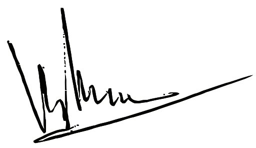
Nevertheless, the energy sector still contributed positively (+8.8%) to the Index, thanks solely to the new listing of PLX (+41.0%), a petroleum retailer with 50% domestic market share. The company was an SOE that listed back in 2011 but was not deemed attractive due to its thin, fluctuating profit. Foreign investors were not allowed to participate in the listing. Recent changes in policies had stabilised its profit margins and the company's performance improved. Despite its high valuation, PLX remains a major company with a number of exciting projects in its pipeline, as such, warrants our close observation.

Outlook

A stable macroeconomic environment, and an accommodative monetary policy, continue to support the financial market. The recent interest rate cut was a signal that liquidity will not be tightened anytime soon. The Government continued to implement policies that further improve transparency in the market, such as Decree 71/2017/ND-CP, which regulates corporate governance and information disclosure that public companies must adhere to. The Government also issued further directives to help enforce previous policies, such as one that requires public companies to at least register their shares for trading on UPCoM. This should also help deepen the market.

We had targeted 2017 to be a year in which we would focus on participating in new IPOs, pre-listings and State divestments, and this has not changed thus far. In the first half of 2017, VEIL participated in notable deals such as the public auction of VGC, a market leader in construction materials; and VCI. We also plan to take part in the upcoming IPO of VPB. We expect the pace of IPO/Privatisation offerings to accelerate considerably in the second half of the year, which is when most deals traditionally take place. Our pipeline for the second half of 2017 already includes several big names, such as Binh Son Refinery, PV Oil, PVPower, and IDICO, in addition to the much-anticipated divestments of VNM and SAB.

With the expected listing of a number of major companies, not all of which may be investible, there is the potential for some distortion to the VN Index in the second half of 2017. However, with VEIL's strategy of selecting the best stocks rather than benchmarking the Index, we believe that once the dust has settled, companies with better growth and value will perform better in the long run. Finally, we hope to create more value for our investee companies by advising them on measures they can take to enhance their share value, something that we have done successfully in the past.



Vu Huu Dien
Portfolio Manager
Vietnam Enterprise Investments Limited
20 September 2017

NAME ABBREVIATIONS

In this Reviewed Condensed Interim Financial Statements for the six-month period ended 30 June 2017, entities or securities are referred to by their short names as follows:

Full name	Short name
Automobiles	
Vietnam Engine and Agricultural Machinery Corporation	VEAM
Banks	
Asia Commercial Joint Stock Bank	ACB
Joint Stock Commercial Bank for Foreign Trade of Vietnam	VCB
Military Commercial Joint Stock Bank	MBB
Vietnam Joint Stock Commercial Bank for Industrial and Trade	CTG
Capital Goods	
Power Construction Joint Stock Company No. 1	PC1
Refrigeration Electrical Engineering Corporation	REE
Consumer Durables	
Dien Quang Lamp Joint Stock Company	DQC
Vietnam National Textile And Garment Group	VGT
Diversified Financials	
Ho Chi Minh City Infrastructure Corporation	CII
Sacom Investment and Development Corporation	SAM
Saigon Securities Incorporation	SSI
Energy	
PetroVietnam Drilling And Well Services Corporation	PVD
PetroVietnam Gas Corporation	GAS
PetroVietnam Technical Service Corporation	PVS
Food & Beverage	
Saigon Beer Alcohol Beverage Corporation	SAB
Vietnam Dairy Products Joint Stock Company	VNM
Vinh Hoan Corporation	VHC
Funds	
Vietnam Securities Investment Fund - VF2	VFMVF2

NAME ABBREVIATIONS (CONTINUED)

Full name	Short name
Materials & Resources	
Besra Gold	Besra Gold
Hoa Phat Group Joint Stock Company	HPG
Hoa Sen Group	HSG
Nam Kim Steel Joint Stock Company	NKG
PetroVietnam Ca Mau Fertilizer	DCM
Viglacera Corporation	VGC
Pharmaceuticals	
Imexpharm Pharmaceutical Joint Stock Company	IMP
Real Estate & Construction	
Cotec Construction Joint Stock Company	CTD
Dat Xanh Real Estate Service & Construction Corporation	DXG
Development Investment Construction Joint Stock Company	DIG
Ha Do Group Joint Stock Company	HDG
Khang Dien House Trading & Investment Joint Stock Company	KDH
Kinh Bac City Development Share Holding Corporation	KBC
Nam Bay Bay Investment Corporation	NBB
Novaland Group	NVL
Song Da Urban & Industrial Zone Investment and Development Joint Stock Company	SJS
Tin Nghia Corporation	Tin Nghia
Retail	
Mobile World Investment Corporation	MWG
Software & Services	
FPT Corporation	FPT
Transportation	
Airport Corporation of Vietnam	ACV
Vietjet Aviation Joint Stock Company	VJC
Vietnam Container Shipping Joint Stock Company	VSC
Securities	
Viet Capital Securities Joint Stock Company	VCSC

REPORT OF THE BOARD OF DIRECTORS

The Directors of Vietnam Enterprise Investments Limited (the "Company") present their report and the reviewed condensed interim financial statements of the Company for the six-month period ended 30 June 2017.

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 2017 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 2017 (six-month period ended 30 June 2016: Nil).

Share capital

Details of movements in the Company's share capital during the period are presented in Note 9. As at 30 June 2017, the Company had 220,125,680 Ordinary Shares and 1,000 Management Shares outstanding (31 December 2016: 220,920,746 Ordinary Shares and 1,000 Management Shares).

Directors

The Directors of the Company during the period were:

Non-executive Directors:
Dominic Scriven

Independent Non-executive Directors:
Wolfgang Bertelsmeier - Chairman
Derek Eu-Tse Loh
Gordon Lawson
Marc Faber
Stanley Chou

In accordance with Article 91 of the Articles, the Independent and Non-independent Non-executive Directors are required to submit themselves for re-election at the next occurring Annual General Meeting ("AGM"). All the Independent Non-executive Directors were duly re-appointed at the AGM held on 7 December 2016 following the expiry of their respective term. Dominic Scriven also submitted himself for re-election, even though the Articles does not explicitly require him to stand for election, and was duly re-appointed.

Directors' rights to acquire shares or debentures

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

Directors' interests in shares

Dominic Scriven has indirect interests in the share capital of the Company as he is a shareholder of Dragon Capital Group Limited, the parent company of Dragon Capital Limited which holds the Management Shares of the Company. Dragon Capital Group Limited is also the ultimate parent company of Enterprise Investment Management Limited, the Investment Manager of the Company and Dragon Capital Markets Limited. As at 30 June 2017, Dragon Capital Markets Limited beneficially held 3,700,359 Ordinary Shares of the Company for investment and proprietary trading purposes (31 December 2016: 3,700,359 Ordinary Shares). Gordon Lawson, a Director of the Company, is a beneficial shareholder of the Company, holding 25,000 Ordinary Shares of the Company as at 30 June 2017 (31 December 2016: 25,000 Ordinary Shares).

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

Directors' interests in contracts

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

Substantial shareholders

As at 30 June 2017, the Company's register of shareholders showed that the following shareholders held more than a 10% interest in the issued Ordinary Share capital of the Company.

Registered shareholders	Number of Ordinary Shares held	% of total Ordinary Shares in issue
Computershare Investor Services PLC (*)	220,920,745	100%
In which: • Bill & Melinda Gates Foundation Trust	25,049,173	11.34%

(*) On 17 June 2016, the Company appointed Computershare Investor Services PLC to act as depositary in respect of a facility for the issue of depositary interests representing the Company's Ordinary Shares.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

Subsequent events

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

Auditors

KPMG Limited, Vietnam

Directors' responsibility in respect of the condensed interim financial statements

The Board of Directors is responsible for ensuring that the condensed interim financial statements of the Company are properly drawn up so as to give a true and fair view of the financial position of the Company as at 30 June 2017 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 IAS34 *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 months ended 30 June 2017 are described in the Chairman's Statement and the Investment Manager's Report. A detailed description of the principal risks and uncertainties faced by the Company are set out in the Annual Report for the year ended 31 December 2016, which is available on the Company's website www.veil-dragoncapital.com. The Board of Directors has not identified any new principal risks and uncertainties that will impact the remaining six months of the year.

The Board of Directors confirms to the best of their knowledge that:

- the condensed financial statements in the interim report have been prepared in accordance with IAS34 *Interim Financial Reporting* and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by the United Kingdom Financial Conduct Authority's Disclosure Guidance and Transparency Rules ("DTR") 4.2.4R;
- the condensed interim financial statements, the Chairman's Statement and the Investment Manager's Report provide a fair review of the information required by DTR 4.2.7R, being 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 provide a fair review of the information required by DTR 4.2.8R, being related party transactions that have taken place in the six-month period ended 30 June 2017 and that have materially affected the financial position or performance of the Company during that period.

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

Approval of the condensed interim financial statements

The Board of Directors hereby approves the accompanying condensed interim financial statements which give a true and fair view of the financial position of the Company as of 30 June 2017, and of its financial performance and its cash flows for the period then ended in accordance with IFRS.

Signed on behalf of the Board by:

Wolfgang Bertelsmeier
Chairman
20 September 2017

Signed on behalf of the Audit Committee by:

Stanley Chou
Chairman of the Audit Committee
20 September 2017

KPMG Limited
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INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

To the Shareholders
Vietnam Enterprise Investments Limited

We have reviewed the accompanying condensed interim financial statements of Vietnam Enterprise Investments Limited ("the Company"), which comprise the statement of financial position as at 30 June 2017, the related statements of profit or loss and other comprehensive income, changes in net assets attributable to holders of Ordinary Shares and cash flows for the six-month period then ended, and notes to the condensed interim financial statements ('the condensed interim financial statements). 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 2017 are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Other matter

We draw attention to the fact that the statements of income and cash flows for the six-month period ended 30 June 2016 and the related explanatory information in notes were not reviewed or audited by us and accordingly, we do not give a conclusion or any form of assurance on them.

KPMG Limited

KPMG Limited
Ho Chi Minh City, Vietnam
20 September 2017

14

KPMG Limited, a Vietnamese limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights resrved.

STATEMENT OF FINANCIAL POSITION
As at 30 June 2017

	Note	30 June 2017 US$	31 December 2016 US$	Change in %
CURRENT ASSETS				
Financial assets at fair value through profit or loss	6	1,248,911,066	995,759,344	
Other receivables		216,268	436,608	
Balance due from brokers		-	720,731	
Cash and cash equivalents	7	4,916,440	19,837,882	
		1,254,043,774	1,016,754,565	23.34
CURRENT LIABILITIES				
Borrowings	8	20,000,000	40,000,000	
Accounts payable and accruals		2,222,040	1,951,794	
Balances due to brokers		3,127,273	-	
		25,349,313	41,951,794	(39.58)
NET ASSETS		**1,228,694,461**	**974,802,771**	**26.05**
EQUITY				
Issued share capital	9	2,201,266	2,209,217	
Share premium	9	560,096,358	563,283,425	
Retained earnings		666,396,837	409,310,129	
TOTAL EQUITY		**1,228,694,461**	**974,802,771**	**26.05**
NUMBER OF ORDINARY SHARES IN ISSUE	**10**	**220,125,680**	**220,920,746**	**(0.36)**
NET ASSET VALUE PER ORDINARY SHARE	**10**	**5.58**	**4.41**	**26.53**

Approved by the Board of Directors on 20 September 2017.

Dominic Scriven, OBE
Director
Vietnam Enterprise Investments Limited

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six-month period ended 30 June 2017

	Note	Six-month period ended 30 June 2017 US$	30 June 2016 US$ Unreviewed
INCOME			
Bank interest income		29,487	24,177
Dividend income		3,805,375	2,861,913
Net changes in fair value of financial assets at fair value through profit or loss	6	256,556,060	79,713,716
Gains on disposals of investments		9,818,450	22,537,624
Other income		-	736,650
TOTAL INCOME		**270,209,372**	**105,874,080**
EXPENSES			
Administration fees	11	(586,896)	(328,496)
Custodian fees	11	(339,880)	(289,284)
Directors' fees	11	(82,500)	(94,212)
Management fees	11	(10,886,519)	(8,095,610)
Withholding taxes		(11,350)	(10,959)
Legal and professional fees	11	(162,129)	(208,426)
Other operating expenses		(1,035,098)	(593,844)
TOTAL EXPENSES		**(13,104,372)**	**(9,620,831)**
NET PROFIT BEFORE EXCHANGE LOSSES		**257,105,000**	**96,253,249**
EXCHANGE (LOSSES)/GAINS			
Net foreign exchange (losses)/gains		(18,292)	49,936
PROFIT BEFORE TAX		**257,086,708**	**96,303,185**
Income tax	12	-	-
NET PROFIT AFTER TAX FOR THE PERIOD		**257,086,708**	**96,303,185**
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**257,086,708**	**96,303,185**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO ORDINARY SHAREHOLDERS		**257,086,708**	**96,303,185**
BASIC EARNINGS PER ORDINARY SHARE	13	**1.17**	**0.44**

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

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF ORDINARY SHARES

For the six-month period ended 30 June 2017

	Issued share capital US$	Share premium US$	Retained earnings US$	Total US$
Balance at 1 January 2016	**2,209,217**	**563,283,425**	**227,160,236**	**792,652,878**
Total comprehensive income for the period:				
Net profit for the period	-	-	96,303,185	96,303,185
Balance at 30 June 2016 (Unreviewed)	**2,209,217**	**563,283,425**	**323,463,421**	**888,956,063**
Balance at 1 January 2017	**2,209,217**	**563,283,425**	**409,310,129**	**974,802,771**
Total comprehensive income for the period:				
Net profit for the period	-	-	257,086,708	257,086,708
Transactions with shareholders, recognised directly in equity:				
Repurchase of Ordinary Shares	(7,951)	(3,187,067)	-	(3,195,018)
Balance at 30 June 2017	**2,201,266**	**560,096,358**	**666,396,837**	**1,228,694,461**

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

STATEMENT OF CASH FLOW
For the six-month period ended 30 June 2017

	Note	Six-month period ended 30 June 2017 US$	Six-month period ended 30 June 2016 US$ Unreviewed
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		257,086,708	96,303,185
Adjustments for:			
Dividend income		(3,805,375)	(2,861,913)
Bank interest income		(29,487)	(24,177)
Net changes in fair value of financial assets at fair value through profit or loss		(256,556,060)	(79,713,716)
Gains on disposals of investments		(9,818,450)	(22,537,624)
Other income		-	(736,650)
		(13,122,664)	(9,570,895)
Net cash flow from subsidiaries carried at fair value		4,162,268	15,365,335
Changes in other receivables		745,152	(1,956,326)
Changes in balances due to brokers and accounts payable and accruals		3,397,519	(5,959,137)
		(4,817,725)	(2,121,023)
Proceeds from disposals of investments		28,152,841	35,992,229
Purchases of investments		(19,092,321)	(42,064,630)
Bank interest income received		29,487	24,177
Dividends received		4,001,294	3,894,321
Other income received		-	736,650
Net cash generated from/(used in) operating activities		**8,273,576**	**(3,538,276)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments to settle short-term borrowings		(20,000,000)	(10,000,000)
Repurchase of Ordinary Shares		(3,195,018)	-
Net cash used in financing activities		**(23,195,018)**	**(10,000,000)**
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(14,921,442)**	**(13,538,276)**
Cash and cash equivalents at the beginning of the period		19,837,882	15,174,526
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7	**4,916,440**	**1,636,250**

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2017

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

1. THE COMPANY

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

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

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

The Company had the following investments in subsidiaries and joint operation as at 30 June 2017, for the purpose of investment holding:

Subsidiaries and jointly operation	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%
Dragon Financial Holdings Limited	British Virgin Islands	Investment holding	90%
Rickmansworth Limited	British Virgin Islands	Investment holding	100%
Geffen Limited	British Virgin Islands	Investment holding	100%
VEIL Cement Limited	British Virgin Islands	Investment holding	100%
VEIL Estates Limited	British Virgin Islands	Investment holding	100%
VEIL Industries Limited	British Virgin Islands	Investment holding	100%
VEIL Infrastructure Limited	British Virgin Islands	Investment holding	100%
VEIL Paper Limited	British Virgin Islands	Investment holding	100%
Amersham Industries Limited	British Virgin Islands	Investment holding	100%
Balestrand Limited	British Virgin Islands	Investment holding	100%

As at 30 June 2017 and 31 December 2016, the Company had no employees.

2. BASIS OF PREPARATION

(a) Statement of compliance
The Company's condensed interim financial statements as at and for the six-month period ended 30 June 2017 have been prepared in accordance with IAS 34 *Interim Financial Reporting* and should be read in conjunction with the Company's financial statements as at and for the year ended 31 December 2016.

(b) Basis of measurement
The condensed interim financial statements have been prepared on the historical cost basis, except for financial instruments classified as financial assets at fair value through profit or loss which are measured at fair value.

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

2. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgments

The preparation of condensed interim financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the financial statements as at and for the year ended 31 December 2016.

(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 accounting policies that have been adopted by the Company in the preparation of these condensed interim financial statements are consistent with those adopted in the preparation of the last year financial statement as at and for the year ended 31 December 2016.

4. NEW STANDARDS AND INTERPRETATION NOT YET ADOPTED

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016, and earlier application is permitted. However, the Company has not early applied the following new or amended standards in preparing these condensed interim financial statements.

(i) IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments*: Recognition and Measurement. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. Based on the initial assessment, this standard is not expected to have a material impact on the Company's financial statements since the majority of its financial assets are measured at fair value through profit or loss.

(ii) IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. Based on the initial assessment, this standard is not expected to have a material impact on the Company's financial statements.

5. TRANSACTIONS WITH RELATED PARTIES

Dominic Scriven has indirect interests in the share capital of the Company as he is a shareholder of Dragon Capital Group Limited, which is the parent company of Dragon Capital Limited which holds the Management Shares of the Company. Dragon Capital Group Limited is also the ultimate parent company of Enterprise Investment Management Limited, the Investment Manager of the Company and Dragon Capital Markets Limited. As at 30 June 2017, Dragon Capital Markets Limited beneficially held 3,700,359 Ordinary Shares of the Company for investment and proprietary trading purposes (31 December 2016: 3,700,359 Ordinary Shares). Gordon Lawson, a Director of the Company, is a beneficial shareholder of the Company, holding 25,000 Ordinary Shares of the Company as at 30 June 2017 (31 December 2016: 25,000 Ordinary Shares).

During the period, the Directors, with exception of Dominic Scriven, earned US$82,500 (six-month period ended 30 June 2016: US$94,212) for their participation on the Board of Directors of the Company.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
For the six months ended 30 June 2017

During the period, total broker fees paid to HSC – an associate of Dragon Capital Group Limited and one of the securities brokers of the Company and its subsidiaries – amounted to US$38,662 (period ended 30 June 2016: US$52,129). As at 30 June 2017, there was no broker fee payable to this broker (31 December 2016: Nil).

During the period, total trading amount dealt on the Company's behalf by VFM – a subsidiary of Dragon Capital Group Limited and its subsidiaries – amounted to US$20,545 (period ended 30 June 2016: Nil). As at 30 June 2017, there was no payable amount to this party (31 December 2016: Nil).

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	30 June 2017	31 December 2016
	US$	US$
Directly held investments (a)	409,268,820	329,143,330
Investments in subsidiaries (b)	839,642,246	666,616,014
	1,248,911,066	**995,759,344**

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

	30 June 2017	31 December 2016
	US$	US$
Listed investments:		
Investments, at cost	225,689,766	222,858,809
Unrealised gains	174,824,490	96,205,034
At carrying value	400,514,256	319,063,843
Unlisted investments:		
Investments, at cost	10,319,156	12,392,183
Unrealised losses	(1,564,592)	(2,312,696)
At carrying value	8,754,564	10,079,487
	409,268,820	**329,143,330**

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

	30 June 2017	30 June 2016
	US$	US$
		Unreviewed
Opening balance	329,143,330	227,918,319
Purchases	19,092,321	42,064,630
Sales	(18,334,391)	(13,454,605)
Unrealised gains	79,367,560	12,963,361
Closing balance	**409,268,820**	**269,491,705**

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

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (CONTINUED)

The net asset of the Company's subsidiaries comprised:

	30 June 2017 US$	31 December 2016 US$
Cash and cash equivalents	16,308,321	31,817,639
Financial assets at fair value through profit or loss (c)	824,480,447	662,690,197
Other receivables	953,273	4,243,009
Balances due from brokers	616,669	-
Total assets	**842,358,710**	**698,750,845**
Balance due to brokers	(2,716,464)	(32,134,831)
Total liabilities	**(2,716,464)**	**(32,134,831)**
Net assets	**839,642,246**	**666,616,014**

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

	30 June 2017 US$	30 June 2016 US$ Unreviewed
Opening balance	666,616,014	576,814,481
Net cash flows from subsidiaries	(4,162,268)	(15,365,335)
Fair value movements on investment entity subsidiaries	177,188,500	66,750,355
Closing balance	**839,642,246**	**628,199,501**

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

	30 June 2017 US$	31 December 2016 US$
Listed investments:		
Investments, at cost	467,036,718	410,126,668
Unrealised gains	321,477,251	191,760,310
At carrying value	788,513,969	601,886,978
Unlisted investments:		
Investments, at cost	27,459,650	55,984,424
Unrealised gains	8,506,828	4,818,795
At carrying value	35,966,478	60,803,219
	824,480,447	**662,690,197**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
For the six months ended 30 June 2017

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (CONTINUED)

(d) As at 30 June 2017 and 31 December 2016, the Company held the following listed and unlisted investments directly and/or indirectly through its subsidiaries:

	The Company				Subsidiaries			
	30 June 2017		31 December 2016		30 June 2017		31 December 2016	
	Cost US$	Carrying value US$	Cost US$	Carrying value US$	Cost US$	Carrying value US$	Cost US$	Carrying value US$
Listed investments								
Vietnam listed equities:								
VNM	2,809,824	68,671,987	3,093,510	60,148,087	3,484,435	85,159,431	4,477,335	87,054,214
MWG	25,323,677	52,518,329	23,076,410	37,684,636	33,311,192	41,102,518	31,063,926	29,046,452
MBB	26,485,492	36,485,632	26,485,492	22,865,541	32,761,409	48,227,527	32,761,408	30,224,185
HPG	12,402,004	30,021,831	9,276,518	22,450,806	10,072,050	24,381,653	9,334,605	22,591,387
FPT	18,206,053	25,048,911	18,206,053	20,420,695	31,727,359	46,603,060	31,727,360	37,992,351
PC1	16,988,261	23,637,217	16,988,261	18,150,536	-	-	-	-
NKG	12,989,631	21,842,418	12,989,631	15,370,427	1,038,147	1,419,757	1,038,147	999,078
VCB	13,898,264	19,157,128	13,898,264	17,608,500	11,197,466	15,062,738	11,197,466	13,845,092
NVL	10,647,112	14,224,627	17,711,599	20,877,036	11,528,387	19,564,471	15,409,310	23,648,325
KBC	12,177,117	13,474,309	12,177,117	11,055,867	12,784,474	14,692,027	12,784,474	12,055,023
HSG	5,766,633	13,004,965	5,766,633	11,654,144	3,758,836	8,476,962	3,758,836	7,596,464
DIG	7,766,220	12,948,938	7,766,220	6,338,806	1,544,824	2,882,787	1,544,824	1,411,191
GAS	13,758,118	12,607,866	11,583,984	10,859,991	37,829,957	38,000,412	33,694,719	35,140,282
VGC	9,607,893	12,010,030	3,848,569	4,031,444	16,457,050	21,010,690	5,907,096	6,377,743
KDH	5,282,379	10,792,301	5,282,379	7,736,691	16,988,452	34,076,705	13,576,874	21,476,780
CTG	5,703,451	5,891,030	8,368,314	6,412,677	5,637,351	5,822,755	10,303,635	7,895,722
DXG	3,289,704	5,317,959	5,178,331	5,343,181	13,279,202	20,786,504	14,504,733	14,450,910
SAB	4,156,963	4,346,067	-	-	21,336,294	25,243,511	13,347,912	16,608,849
IMP	3,018,705	3,994,765	2,420,353	2,454,877	12,795,203	18,416,623	8,087,781	9,776,338
PVS	3,231,023	2,540,140	2,958,348	2,210,338	18,129,942	14,330,183	17,472,958	13,339,917
PVD	4,255,816	2,379,682	3,497,695	2,745,879	9,191,719	4,163,504	8,441,708	5,470,903
VHC	1,623,496	2,037,526	4,549,925	5,584,296	2,035,775	2,595,826	2,768,623	3,477,993
VGT (*)	2,073,027	2,006,071	-	-	10,883,392	10,531,873	-	-
SAM	1,654,220	2,005,759	1,654,221	1,648,900	3,611,244	4,378,673	3,611,243	3,599,629
SSI	1,327,764	1,866,530	1,327,764	1,320,786	7,963,500	11,067,331	13,905,492	13,684,474
SJS	1,246,919	1,682,238	1,246,919	1,394,458	3,855,567	5,297,270	3,855,567	4,391,066
DCM	-	-	3,506,299	2,695,244	-	-	5,363,420	4,122,787
ACV (*)	-	-	-	-	11,022,808	41,639,428	13,737,092	49,363,944
ACB	-	-	-	-	28,165,214	72,079,989	28,165,214	48,894,956
CTD	-	-	-	-	19,589,523	27,144,648	19,589,523	22,841,553
CII	-	-	-	-	13,762,177	27,512,859	13,762,177	20,782,970
REE	-	-	-	-	4,855,613	17,824,356	4,855,613	11,886,140
DQC	-	-	-	-	8,442,534	8,341,755	8,442,534	10,223,373
HDG	-	-	-	-	6,752,782	9,776,034	6,752,782	7,758,295
VSC	-	-	-	-	4,882,281	4,362,360	4,882,281	3,858,592
VJC	-	-	-	-	31,644,636	52,766,380	-	-
NBB	-	-	-	-	4,715,923	3,771,369	-	-
Total listed investments	**225,689,766**	**400,514,256**	**222,858,809**	**319,063,843**	**467,036,718**	**788,513,969**	**410,126,668**	**601,886,978**

(*) ACV and VGT are listed on Unlisted Public Company Market ("UPCoM").

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (CONTINUED)

	The Company				Subsidiaries			
	30 June 2017		31 December 2016		30 June 2017		31 December 2016	
	Cost US$	Carrying value US$	Cost US$	Carrying value US$	Cost US$	Carrying value US$	Cost US$	Carrying value US$
Unlisted investments								
Vietnam OTC equities:								
VEAM	3,843,120	5,510,096	3,843,120	4,281,762	15,372,479	22,040,385	15,372,478	17,127,047
VGT	-	-	2,073,027	2,415,353	-	-	10,883,392	12,680,602
Tin Nghia	2,713,674	3,244,468	2,713,674	3,238,769	3,922,088	4,795,324	3,922,088	4,786,900
VCSC	-	-	-	-	6,833,793	7,955,462	-	-
VJC	-	-	-	-	-	-	21,138,134	21,485,301
Private equities:								
Besra Gold	3,762,362	-	3,762,362	-	-	-	-	-
VFMVF2	-	-	-	-	1,331,290	354,981	1,331,290	354,872
Vietnam Corporate bonds:								
NBB - Convertible bonds	-	-	-	-	-	-	3,337,042	3,796,607
Rights:								
IMP - rights	-	-	-	143,603	-	-	-	571,890
NBB - rights	-	-	-	-	-	820,326	-	-
Total unlisted investments	**10,319,156**	**8,754,564**	**12,392,183**	**10,079,487**	**27,459,650**	**35,966,478**	**55,984,424**	**60,803,219**
Total	**236,008,922**	**409,268,820**	**235,250,992**	**329,143,330**	**494,496,368**	**824,480,447**	**466,111,092**	**662,690,197**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
For the six months ended 30 June 2017

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (CONTINUED)

Investment portfolio by sector was as follows:

	30 June 2017		30 December 2016	
	US$	%	US$	%
Real Estate	205,292,307	16	172,601,458	17
Banks	202,726,798	16	147,746,673	15
Food & beverage	188,054,348	15	172,873,439	17
Material & Resources	132,168,307	11	97,889,524	10
Transportation	98,768,168	8	74,707,837	8
Retail	93,620,847	8	66,731,088	7
Others	84,528,833	7	55,726,174	5
Energy	74,021,788	7	69,767,310	7
Software & Services	71,651,971	6	58,413,046	6
Diversified Financials	54,786,612	4	41,036,759	4
Consumer Durables	20,879,699	1	25,319,328	3
Pharmaceuticals	22,411,388	1	12,946,708	1
	1,248,911,066	**100**	**995,759,344**	100

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

(f) Support
The Company provides or receives ongoing support to/from its subsidiaries for the purchase/sale of portfolio investments. During the period, the Company received support from its unconsolidated subsidiaries as noted in Note 6(b). The Company has no contractual commitments or current intentions to provide any other financial or other support to its unconsolidated subsidiaries.

7. CASH AND CASH EQUIVALENTS

	30 June 2017	30 December 2016
	US$	US$
Cash in banks	4,916,440	19,837,882

8. BORROWINGS

	30 June 2017	30 December 2016
	US$	US$
Standard Chartered Bank – Singapore Branch		
- Secured Bank Loan 1	20,000,000	20,000,000
- Secured Bank Loan 2	-	20,000,000
	20,000,000	**40,000,000**

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

			30 June 2017	
	Interest rate per annum	Date of maturity	Nominal value	Carry amount
	(%)		US$	US$
Secured Bank Loan 1	3.28022	22 September 2017	20,000,000	20,000,000

8. BORROWINGS (CONTINUED)

As at 30 June 2017, the bank loans were secured over the Company's investments with total carrying value of US$102,356,914 (31 December 2016: US$74,643,186).

These loans have been rolled over subsequent to the date of maturity.

9. ISSUED SHARE CAPITAL AND SHARE PREMIUM

	30 June 2017 US$	31 December 2016 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:		
220,125,679 Ordinary Shares at par value of US$0.01 each (31 December 2016: 220,920,745 Ordinary Shares at par value of US$0.01 each)	2,201,256	2,209,207
1,000 Management Shares at par value of US$0.01 each	10	10
	2,201,266	**2,209,217**
Treasury Shares:		
Ordinary Shares	(7,951)	-
Shares in circulation:		
Ordinary Shares	2,201,256	2,209,207
Management Shares	10	10
Outstanding issued share capital in circulation	**2,201,266**	**2,209,217**

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

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
For the six months ended 30 June 2017

9. ISSUED SHARE CAPITAL AND SHARE PREMIUM (CONTINUED)

During the period, no Conversion Shares were in issue, and no Conversion Shares were in issue as at 30 June 2017 and 31 December 2016.

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 2017 and 31 December 2016, the following shareholders each owned more than 10 percent of the Company's issued Ordinary shares capital.

	Number of Ordinary Shares held	% of total Ordinary Shares in issue
Registered shareholders as at 30 June 2017		
Computershare Investor Services PLC (*)	220,920,745	100%
In which:		
Bill & Melinda Gates Foundation Trust	25,049,173	11.34%

	Number of Ordinary Shares held	% of total Ordinary Shares in issue
Registered shareholders as at 31 December 2016		
Computershare Investor Services PLC (*)	220,920,745	100%
In which:		
Bill & Melinda Gates Foundation Trust	25,049,173	11.34%

(*) On 17 June 2016, the Company appointed Computershare Investor Services PLC to act as depositary in respect of a facility for the issue of depositary interest representing the Company's Ordinary Shares.

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

	Six-month period ended			
	30 June 2017		30 June 2016	
	Shares	US$	Shares	US$
			Unreviewed	
Balance at the beginning of the period	220,920,746	2,209,207	220,920,746	2,209,207
Repurchase of Ordinary Shares during the period	(795,066)	(7,951)	-	-
Balance at the end of the period	**220,125,680**	**2,201,256**	**220,920,746**	**2,209,207**

Movements in share premium during the period were as follows:

	Six-month period ended	
	30 June 2017	30 June 2016
	US$	US$
		Unreviewed
Balance at the beginning of the period	563,283,425	563,283,425
Repurchase of Ordinary Shares during the period	(3,187,067)	-
Balance at the end of the period	**560,096,358**	**563,283,425**

10. NET ASSET VALUE PER ORDINARY SHARE

The calculation of the NAV per Ordinary Share was based on the net assets attributable to the Ordinary Shareholders of the Company as at 30 June 2017 of US$1,228,694,461 (31 December 2016: US$974,802,771) and the number of outstanding Ordinary Shares in issue as at that date of 220,125,680 shares (31 December 2016: 220,920,746 Original shares).

11. FEES

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

Management fees

The Investment Manager is entitled to receive a management fee at 2% per annum of the NAV, payable monthly in arrears on the first business day of such month and calculated by reference to the NAV at the end of the preceding month. During the period, total management fees amounted to US$10,886,519 (six-month period ended 30 June 2016: US$8,095,610). As at 30 June 2017, a management fee of US$1,967,186 (31 December 2016: US$1,638,148) remained payable to the Investment Manager. See Note 15 for subsequent events.

Directors' fees

During the period, total directors' fees amounted to US$82,500 (six-month period ended 30 June 2016: US$94,212). There were no directors' fees payable as at 30 June 2017 and 31 December 2016. Dominic Scriven has permanently waived his rights to receive directors' fees for his services as Director of the Company.

Administration fees

Standard Chartered Bank (the "Administrator") is entitled to receive a fee of 0.06% (six-month period ended 30 June 2016: 0.06%) 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$586,896 (six-month period ended 30 June 2016: US$328,496). As at 30 June 2017, an administration fee of US$188,534 (31 December 2016: US$109,576) was payable to the Administrator.

Custodian fees

Standard Chartered Bank (the "Custodian") is entitled to receive a fee of 0.05% (six-month period ended 30 June 2016: 0.05%) of the assets under custody per annum, payable monthly in arrears and subject to a minimum monthly fee of US$500 per custody account. In addition, the Custodian is entitled to US$20 per listed transaction and US$10 per script less securities. During the year, total custodian fees amounted to US$339,880 (six-month period ended 30 June 2016: US$289,284). There were no custodian fees payable as at 30 June 2017 and 31 December 2016.

Audit and related fees

During the period, included in the legal and professional fees of the Company was audit fees amounted to US$22,000 (six-month period ended 30 June 2016: Nil) paid to the auditor, KPMG Limited. In addition, advisory fees paid to KPMG UK and KPMG USA were US$6,458 and US$28,248, respectively, for the six-month period ended 30 June 2017 (six-month period ended 2016: Nil).

12. INCOME TAX

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

The Company is subject to 5% withholding tax on the interest received from any Vietnamese company. Dividends remitted by Vietnamese investee companies to foreign corporate investors are not subject to withholding taxes.

See Note 14(C) for further details.

13. BASIC EARNINGS PER ORDINARY SHARE

The calculation of basic earnings per Ordinary Share for the period was based on the net profit for the period attributable to the holders of Ordinary Shares of US$257,086,708 (six-month period ended 30 June 2016: US$96,303,185) and the weighted average number of Ordinary Shares outstanding of 220,351,251 shares (six-month period ended 30 June 2016: 220,920,746 shares) in issue during the period.

(a) Net profit attributable to the Ordinary Shareholders

	Six-month period ended	
	30 June 2017 US$	30 June 2016 US$ Unreviewed
Net profit attributable to the Ordinary Shareholders	257,086,708	96,303,185

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
For the six months ended 30 June 2017

13. BASIC EARNINGS PER ORDINARY SHARE (CONTINUED)

(b) Weighted average number of Ordinary Shares

	Six-month period ended	
	30 June 2017	30 June 2016
	US$	US$
		Unreviewed
Issued Ordinary Shares at the beginning of the period	220,920,746	220,920,746
Effect of Ordinary Shares repurchased during the period	(569,495)	-
Weighted average number of Ordinary Shares	**220,351,251**	**220,920,746**

(c) Basic earnings per Ordinary Share

	Six-month period ended	
	30 June 2017	30 June 2016
	US$	US$
		Unreviewed
Basic earnings per Ordinary Share	1.17	0.44

14. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY

A. Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Company as at and for the year ended 31 December 2016.

B. Fair values of financial assets and liabilities

(i) Valuation model

The fair values of financial assets and financial liabilities 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 considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

14. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY (CONTINUED)

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

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

As at 30 June 2017	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Financial assets at fair value through profit or loss				
• Listed investments	400,514,256	-	-	400,514,256
• Unlisted investments	-	8,754,564	-	8,754,564
• Investments in subsidiaries	-	-	839,642,246	839,642,246
	400,514,256	**8,754,564**	**839,642,246**	**1,248,911,066**

As at 30 June 2016	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Financial assets at fair value through profit or loss				
• Listed investments	319,063,843	-	-	319,063,843
• Unlisted investments	-	10,079,487	-	10,079,487
• Investments in subsidiaries	-	-	666,616,014	666,616,014
	319,063,843	**10,079,487**	**666,616,014**	**995,759,344**

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

	Level 1 Six-month period ended		Level 2 Six-month period ended		Level 3 Six-month period ended	
	30 June 2017 US$	30 June 2016 US$ Unreviewed	30 June 2017 US$	30 June 2016 US$ Unreviewed	30 June 2017 US$	30 June 2016 US$ Unreviewed
Opening balance	319,063,843	225,583,429	10,079,487	2,334,890	666,616,014	576,814,481
Transfer from level 2 to level 1	2,073,027	-	(2,073,027)	-	-	-
Purchases	19,092,321	39,350,956	-	2,713,674	-	-
Sales	(18,334,391)	(13,454,605)	-	-	-	-
Net cash outflows to subsidiaries	-		-	-	(4,162,268)	(15,365,335)
Unrealised gains recognised in profit or loss	78,619,456	12,607,065	748,104	356,296	177,188,500	66,750,355
Closing balance	400,514,256	264,086,845	8,754,564	5,404,860	839,642,246	628,199,501
Total unrealised gains for the year included in net changes in fair value of financial assets at fair value through profit or loss	78,619,456	12,607,065	748,104	356,296	177,188,500	66,750,355

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2017

14. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY (CONTINUED)

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

	Level 1		Level 2		Level 3	
	Six-month period ended		Six-month period ended		Six-month period ended	
	30 June 2017 US$	30 June 2016 US$ Unreviewed	30 June 2017 US$	30 June 2016 US$ Unreviewed	30 June 2017 US$	30 June 2016 US$ Unreviewed
Opening balance	601,886,978	517,819,336	57,006,611	29,616,067	3,796,608	20,100,673
Transfer from level 2 to level 1	34,094,553	-	(34,094,553)	-	-	-
Purchases	53,517,803	62,342,614	6,833,794	3,922,088	-	-
Sales	(28,629,279)	(60,870,224)	-		(3,337,041)	-
Unrealised gains/(losses)	127,643,914	59,276,568	6,220,626	(9,781,202)	(459,567)	1,269,683
Closing balance	788,513,969	578,568,294	35,966,478	23,756,953	-	21,370,356
Total unrealised gains/(losses) included in net changes in fair value of financial assets at fair value through profit or loss	127,643,914	59,276,568	6,220,626	(9,781,202)	(459,567)	1,269,683

C. Uncertainty

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

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

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

15. SUBSEQUENT EVENTS

Change to management fee

With effect from 1 August 2017, the annual management fee payable to the Company's Investment Manager, Enterprise Investment Management Limited, will be amended from the current 2.00% of net assets per annum as follows: the current fee of 2.00% per annum will continue to apply to the first US$1.25bn of VEIL's net assets but shall reduce to 1.75% per annum for net assets between US$1.25bn and US$1.5bn and further reduce to 1.50% per annum for net assets above US$1.5bn.

16. SEASONAL OR CYCLICAL FACTORS

The Company's results for the six-month periods ended 30 June 2017 and 2016 are not subject to any significant seasonal or cyclical factors.

17. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The condensed interim financial statements were approved and authorised for issue by the Board of Directors on 20 September 2017.

ADMINISTRATION

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Vietnam

Corporate Broker
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United Kingdom

Company Secretary
Maples Secretaries (Cayman) Limited
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Cayman Islands

Administrator and Offshore Custodian
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Bristol BS13 8AE
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BOARD OF DIRECTORS

Chairman - Independent Non-Executive Director
(Appointed July 2009)
Wolfgang Bertelsmeier

Educated at Frankfurt and Poitiers Universities, Wolfgang worked in various financial institutions before joining the World Bank's IFC, serving in Southeast Asian and other emerging markets. He sits on the boards of companies in Europe and Africa.

Senior Independent Non-Executive Director
(Appointed January 2016)
Stanley Chou

Stanley Chou is managing director of investment advisory companies Lufin Asia Pacific Ltd and SCA International Ltd. He also helped found Victory Fund, a Luxembourg-based equity fund. He has been investing in Vietnam since 2005.

Independent Non-Executive Director
(Appointed January 2016)
Marc Faber

A well-known economist and contrarian investor, Dr Faber formed investment advisory and fund management company Marc Faber Ltd in 1990. He publishes the widely-read The Gloom, Boom & Doom Report and has written several influential books.

Independent Non-Executive Director
(Appointed July 2014)
Gordon Lawson

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

Independent Non-Executive Director
(Appointed March 2011)
Derek Loh

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

Non-Executive Director
(Appointed May 1995)
Dominic Scriven

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