

Vietnam Phoenix Fund Limited

**Interim Unaudited Report
and Condensed Financial Statements
for the six months ended
30 June 2019**

VIETNAM PHOENIX FUND LIMITED

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GENERAL INFORMATION

The following information is derived from and should be read in conjunction with the full text and definitions section of the Private Offering Memorandum of Vietnam Phoenix Fund Limited (the “POM”), dated January 2018, copies of which are available on request from State Street Fund Services (Ireland) Limited (the “Administrator”) or by contacting Duxton Asset Management Pte Ltd at VPF@duxtanam.com.

DWS Vietnam Fund Limited was incorporated in the Cayman Islands on 13 September 2006 under the Companies Law, Cap. 22 (Revised) of the Cayman Islands as an exempted company with limited liability. At the Annual General Meeting of DWS Vietnam Fund Limited held on 30 September 2016, shareholders resolved to change its name to Vietnam Phoenix Fund Limited (the “Company”). The Company was registered with the Cayman Islands Monetary Authority (“CIMA”) with effect from 1 January 2017, pursuant to Section 4 (3) of the Mutual Funds Law (revised) of the Cayman Islands.

The investment objective of the Company is to seek long-term capital appreciation by investing directly or indirectly in a diversified portfolio of securities of companies that do some or all of their businesses in Vietnam.

The Directors who held office during the period ended 30 June 2019 were:

Kevin A Phillip (independent)
Judd Kinne (independent)
Martin Adams (independent)

INVESTMENT MANAGER

The Company has appointed Duxton Asset Management Pte Ltd as Investment Manager (“Duxton” or the “Investment Manager”). Duxton is a specialist asset manager licensed by the Monetary Authority of Singapore. Duxton is required to ensure that all investments made on behalf of the Company comply with all investment objectives, policies and restrictions of the Company. Ultimate discretion over the assets and affairs of the Company remains with the Board of Directors (the “Board” or the “Directors”).

CUSTODIAN

The Company has appointed State Street Custodial Services (Ireland) Limited as Custodian of its assets (the “Custodian”), pursuant to an agreement dated 15 November 2006. Assets located in Vietnam or assets located in any other jurisdictions which require assets to be held by a local sub-custodian are held within the State Street sub-custodian network pursuant to the Custodian Agreement. The sub-custodian appointed by the Custodian is HSBC Bank (Vietnam) Limited. The Custodian and any sub-custodian appointed by the Custodian provide safe custody for the Company’s assets. The Investment Manager ensures that adequate custody arrangements have been entered into by any fund in which the Company is invested.

The Custodian (and any sub-custodian duly appointed by the Custodian) holds all assets of the Company received by the Custodian in accordance with the terms of the Custodian Agreement. Under the Custodian Agreement, the Custodian acknowledges that investments of the Company may be made in markets where custodial and/or settlement systems are not fully developed, such as Vietnam, and that the assets of the Company and its subsidiaries which are traded in such markets are required to be held by local sub-custodians operating and established in such jurisdictions.

ADMINISTRATOR

The Company has appointed State Street Fund Services (Ireland) Limited to maintain the books and records of the Company as Administrator (the “Administrator”) pursuant to an agreement dated 10 November 2006.

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GENERAL INFORMATION (CONT/D)

LEGAL ADVISOR

The Company has appointed Ogier as its legal advisor in relation to Cayman Islands Law.

COMPANY SECRETARY

The Company has appointed DMS Corporate Services Ltd. as Company Secretary.

REGISTERED OFFICE

The registered office of the Company is DMS House, 20 Genesis Close, P.O. Box 1344, Grand Cayman KY1-1108, Cayman Islands.

DIVIDENDS

It is not the current intention of the Company to pay dividends.

SHARES

The Company has an authorised share capital of US\$10,000,000 consisting of 2,000,000,000 shares of par value of US\$0.005 each as at period end 30 June 2019. The Company has two active share classes, Class A shares (Continuation Class) are open-ended while Class C shares (Private Equity Class) are closed-ended. As of 30 June 2019, only Class C shares of the Company are listed on the regulated market of the Irish Stock Exchange (with effect from 27 March 2018 the Irish Stock Exchange operates as “Euronext Dublin”).

Class A shares and Class C shares have the same rights in relation to voting, dividends, return of share capital and other matters as set out in the Articles of Association (the “Articles”). Each share class has specific investment management fees and performance fees as well as different rights in relation to redemptions.

AIFMD

The Board has considered the implications of the European Union Directive on Alternative Investment Fund Managers 2011/61/EU (“AIFMD”) and it is satisfied that because the Company’s shares are not marketed in Europe, there is no significant impact on the Company as a consequence of AIFMD and therefore there is no impact on the financial statements.

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STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE CONDENSED FINANCIAL STATEMENTS

Each of the Directors, whose names and functions are listed on page 53 in the 'Other Information' section of this report confirm that, to the best of each person's knowledge and belief:

- The condensed financial statements are prepared in accordance with the international accounting standards applicable to the interim financial reporting adopted pursuant to the procedure provided for under Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 (i.e. IAS 34).
- The condensed financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company.
- The Investment Manager's Report includes a fair review of the important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the financial year.
- The related party transactions are as disclosed in Note 10 of these condensed financial statements.

Investment Valuations

Consistent with previous financial periods, the investments in Anova Corporation, Corbyns International Limited ("Corbyns"), Greenfeed Vietnam Corporation, S.S.G. Group Joint Stock Company and VTC Online ("VTC") have been valued by the Company at 30 June 2019 in accordance with recommendations provided in a report to the Company by Grant Thornton Vietnam. The Grant Thornton report recommends an estimated valuation range for each investment. As at 30 June 2019, the Company has applied the minimum recommended valuation for each investment, where the average of minimum and maximum recommended valuation was applied by the Company in previous valuations.

As these are all privately negotiated investments, there is a risk that the proceeds from realisation of these holdings could be significantly different from the fair values shown in the Statement of Financial Position as at 30 June 2019 and/or significantly different from the prices originally paid by the Company. The valuation methodologies adopted by Grant Thornton Vietnam in their report do not generally consider the timeframes for the realisation of these investments, the various commercial strategies employed by the Investment Manager in order to dispose of these investments and the taxes and costs associated with these disposals.

The Board draws shareholders' attention in particular to the fair value of the investments in Corbyns and VTC, as further disclosed in Note 12 to the Financial Statements. Given the underlying operating issues, structures and nature of each of these holdings, there is a significant risk that the fair values of these holdings may not be realised by the 31 December 2020 mandatory redemption date of the Private Equity Shares.

On behalf of the Board of Directors



Kevin Phillip
Director

Date: 27 September 2019

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INVESTMENT MANAGER'S REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2019

I. CLASS A – Continuation Shares

NAV Update

The Net Asset Value (“NAV”)¹ for the Lead Series Class A Shares of the Company as of 30 June 2019 was USD 0.6225, up 0.84% from USD 0.6173 as of 31 December 2018.

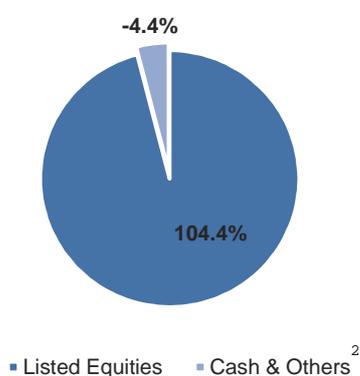
The NAV for the Series 3 Class A Shares of the Company as of 30 June 2019 was USD 0.8987, up 0.81% from USD 0.8915 as of 31 December 2018.

The Series 3 and 4 of the Class A Shares will be consolidated into the Lead Series on 1 January 2020 if there is a payment of performance fees for both series of shares for 2019.

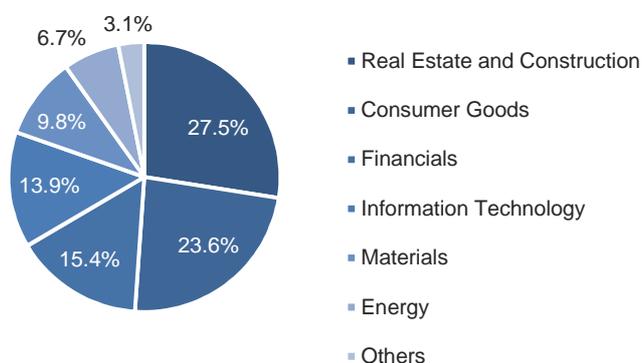
Class A Shares Exposure and Performance

The asset class and sector exposures of the Class A Shares are summarized in the charts below and discussed in detail in the following sections.

Asset Class Breakdown



Sector Exposure



¹ NAV figures are based on the dealing net asset value as on 30 June 2019

² Includes accruals and liabilities, adjusted to account for pending redemptions

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Peer Group Analysis³

At the end of June 2019, in terms of NAV change, the Lead Series Class A Shares returned 0.84% and ranked sixth among the offshore funds peer group. JP Morgan's Vietnam Opportunities Fund was the best performer with 6.6% return.

Over a 5-year period, the Lead Series Class A Shares' NAV increased 7.90% per annum, higher than peer average of 6.9% per annum.

The peer group used for comparison is derived from funds that have exposure to the Vietnamese market and whose information is publicly available.

Fund Name	Fund Manager	Fund Type	Inception Date	AUM USD mn	NAV Change ⁴			
					Jun 19	YTD	1Y	3Y (annualised)
Offshore Funds					1.1%			
Vietnam Phoenix Fund Class A ⁵	Duxton Asset Management	Open End	Dec 06	38.0	0.8%	-6.8%	6.5%	7.9%
Vietnam Emerging Equity Fund	PXP Vietnam	Open End		78.0	2.5%	-17.0%	11.6%	8.0%
Vietnam Equity UCITS Fund	Dragon Capital	Open End	Sep 13	97.2	0.8%	-5.8%	15.6%	13.7%
Forum One - VCG Partners Vietnam	VinaCapital	Open End	Jul 15	49.7	1.7%	-12.3%	10.1%	N/A
Vietnam Opportunities Fund	JP Morgan AM	Open End	Nov 06	337.9	6.6%	-14.2%	15.1%	8.8%
PYNEite Fund	PYN Fund Management	Open End	Feb 99	445.8	-0.3%	-15.1%	10.1%	2.4%
Lumen Vietnam Fund	IFMAG	Open End	Mar 12	45.8	4.5%	-11.6%	7.7%	6.9%
Vietnam Alpha Fund	APS AM	Open End	Sep 11	37.7	3.6%	-5.9%	11.0%	7.7%
Vietnam Equity Holdings	Saigon AM	Open End	Nov 07	45.9	-8.2%	-13.5%	8.3%	3.7%
Vietnam Enterprise Inv Ltd	Dragon Capital	Closed End	Aug 95	1436.6	0.0%	-13.2%	20.2%	13.5%
Vietnam Holding Ltd	Dynam Capital	Closed End	Jun 06	146.0	-0.3%	-18.0%	5.0%	6.5%
Onshore Funds					2.3%			
VCBF Blue Chip Fund	Vietcombank Fund Mgmt	Open End	Aug 14	22.9	2.7%	-7.4%	11.0%	NA
VFM Blue Chip Investment Fund	VietFund Management	Open End	Jun 08	33.1	2.4%	-17.8%	12.5%	8.6%
VFM Securities Investment Fund	VietFund Management	Open End	Nov 14	42.6	1.7%	-16.9%	13.1%	9.2%
Exchange Traded Funds					4.1%			
DB x-trackers Vietnam	Deutsche AM	Offshore ETF	Feb 08	297.9	5.0%	-12.2%	9.9%	2.3%
VanEck Vectors Vietnam	VanEck	Offshore ETF	Aug 09	466.8	8.6%	-9.7%	5.1%	-2.3%
VFM VN30 ETF	VietFund Management	Onshore ETF	Aug 14	279.0	-1.2%	-16.4%	12.7%	NA
PEER FUNDS AVERAGE					1.9%	-12.9%	11.2%	6.9%
VNIndex (USD)					5.9%	-11.7%	14.9%	8.2%
VN30 Index (USD)					0.6%	-17.9%	11.2%	4.3%
VN100 Index (USD)					2.1%	-15.9%	11.2%	6.0%
VHIndex (USD)					-1.1%	-17.6%	7.0%	3.2%

³ The peer group analysis was performed using the information received from multiple sources; mainly from the peer funds' published data. Also, when analysing the performance of a fund relative to its peers, one needs to be mindful of the different investment strategies across the funds. The Class A Shares portfolio invested only in listed equities. Also, this universe of peers may not be complete due to insufficient data provided by other funds

⁴ Source: Fund website/Bloomberg 30/06/2019

⁵ Lead Series - Includes historical performance of the Company prior to the restructuring as of 31 Dec 2016

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Performance Analysis

The 10 largest holdings of the Class A Shares portfolio as of 30 June 2019 are listed below:

Class A Shares – Top 10 Holdings			
Rank	Security Name	Market Value (USD)	% of NAV
1	Vinamilk	6,010,728	16.9%
2	FPT Corp	5,299,181	14.9%
3	Hoa Phat Group	3,707,111	10.4%
4	Khang Dien House	3,511,928	9.9%
5	Vinhomes	3,096,460	8.7%
6	Mobile World	2,073,707	5.8%
7	Kinh Bac City Development	1,867,533	5.3%
8	PetroVietnam Power	1,793,607	5.1%
9	HD Bank	1,698,628	4.8%
10	Vietcombank	1,690,121	4.8%
	Total	30,749,004	86.6%

* Numbers may not add up due to rounding

The Lead Series Class A Shares portfolio rose by 0.84% in 1H2019 while the VNIndex (Vietnam Ho Chi Minh Stock Index) rose by 5.90% in USD terms during the same period. The index's outperformance mainly came from the attribution of Vingroup JSC (VIC) [+21.28%] and PetroVietnam Gas JSC (GAS) [+14.68%] which the Class A Shares portfolio did not hold during 1H2019. Vietcombank (VCB) [+31.63%] was the second largest contributor towards VNIndex gains during 1H2019 and 4.8% of the VPF A portfolio is in VCB, a slight relative underweight in VCB compared to the index. Another notable detractor for VPF A's NAV performance was Yeah1 Group [-68.76% during the 1H2019 period].

Top 3 Gainers	Price Change	Contribution to NAV Return
FPT Corp (FPT)	+7.8%	+ 2.3%
Mobile World (MWG)	+6.7%	+ 1.3%
Vietcombank (VCB)	+31.6%	+ 1.0%

Top 3 Laggards	Price Change	Contribution to NAV Return
Yeah1 Group (YEG)	-68.8%	- 1.4%
Coteccons (CTD)	-33.1%	- 0.7%
Viet Capital Securities (VCI)	-35.1%	- 0.5%

During 1H2019, the Vietnamese stock market witnessed high volatility. Main contributors to VNIndex's return were notable large-cap names such as VinGroup (VIC) [+21.28%, contributing 2.23% in VNIndex return], Vietcombank (VCB) [+31.63%, contributing 2.06% in VNIndex return], PetroVietnam Gas JSC (GAS) [+14.68%, contributing 0.82% in VNIndex return]. By contrast, VNIndex's laggards consisted of Techcombank (TCB) [-21.36%, -0.61% relative to the VNIndex], BIDV (BID) [-7.95%, -0.33% relative to the VNIndex] and Bao Viet Holdings (BVH) [-9.31%, -0.18% relative to the VNIndex].

During 1H2019, the Vietnam Phoenix Fund Class A (VPF A) portfolio saw returns contribution from several of the top-10 holdings including FPT, MWG, VCB, VHM and VNM, of which, FPT Corp (FPT) was the

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largest contributor [+2.3% to VPF A portfolio's return], followed by Mobile World (MWG) [+1.3% to VPF A portfolio's return] and Vietcombank (VCB) [+1.0% to VPF A's portfolio return]. On the other hand, significant detractors to the portfolio's returns were Yeah1 Group (YEG) [-1.4% to the portfolio's return], Cotecons (CTD) [-0.7% to the portfolio's returns] and Viet Capital Securities (VCI) [-0.5% to the portfolio's returns].

FPT was the largest contributor to the portfolio as it rose by 7.8% during 1H2019. The stock price's uptrend was supported by the strong operating results for 1H2019 with a growth of 22% YoY in revenue and 29% YoY in NPATMI⁶. MWG was the second largest contributor of the portfolio as its share price increased by 6.7% during the same period. MWG's operational adjustment by converting pure mobile phone retailers stores into mixed consumer electronics stores proved to be effective as it helped to boost net-profit margin⁷. The growth of MWG's electronics segments and Fast-Moving Consumer Goods segment were the key drivers for MWG growth and it helped to offset the decrease in mobile segment's sales volume⁷. VCB was the third largest contributor to VPF A's returns during 1H2019. VCB's share price rose 31.6% and hit its historical peak in 1H2019. The private sector bank VCB reported better-than-expected results for 1H2019 with a growth of 41% in NPATMI, helped by an increase of 55bps YoY in NIM to 3.33% while NPL number was still under well control at 1.03%⁸.

In terms of detractors, the negative share price movement for YEG weighed on the portfolio's returns. By the end of June 2019, YEG's share price dipped 68.8%. This came after YEG's announcement of the termination of the Multi-Channel Network (MCN) license awarded by YouTube. It impaired YEG's medium-term growth prospects and fundamentally altered the investment thesis that was presented for the stock during its initial public offering back in 2018.

The reason for YouTube's termination of YEG's MCN license came from an operational oversight. As YouTube noted that YEG's channel selection and channel management of SpringMe and Yeah1 Network did not conform to YouTube's policy. YouTube applied the same termination policy against all YEG's companies that are related to YouTube AdSense (including ScaleLab)⁹.

For full year 2018, the MCN segment contributed around USD 12 million or 17% of YEG's revenue and USD 1 million or 14% of YEG's NPAT. Of which, Yeah1 Network is the biggest contribution while SpringMe's contribution was insignificant and ScaleLab has not contributed yet as YEG just bought it in January 2019⁹.

Following the announcement by YouTube and YEG regarding the termination of the MCN license, YEG announced in June 2019 that it registered with Vietnam's Securities Commission to buy-back up to 2 million shares, representing 6.4% of its issued capital in the period from 18 June 2019 to 17 July 2019.

Following the termination of the MCN license, our VPF A investment team identified limited digital advertising avenues for YEG to fill the earnings void left by the YouTube MCN platform and the outlook for YEG's prospects have fundamentally shifted. Therefore, by June 2019, we divested our entire stake in YEG (it represented 2.5% of VPF A's portfolio at the beginning of the year 2019).

Another notable laggard within the VPF A portfolio during 1H2019 is Cotecons (CTD). Its share price fell 33.1% during the first half 2019. Management of CTD had planned to consolidate its stake in Ricons (another Vietnam construction firm that focuses on construction projects of the small to mid-size residential

⁶ Source: FPT's financial report

⁷ Source: MWG's management

⁸ Source: HSC report

⁹ Source: YEG's management

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projects). However, CTD's offer to acquire Ricons via a share-swap was rejected by the major shareholder of CTD due to the concern over dilution risk. The market reacted negatively as it viewed CTD's failed attempt to fully acquire Ricons as an earnings accretive opportunity lost. Apart from the notable acquisition target missed, CTD faced slowdown in new orders due to the slowdown of the Vietnamese real estate market. The tightening of the land-use approval process in Vietnam led to the delay of new project launches and consequently the push-back of large-scale resident projects (those above VND500bn in total contract value). These developments lowered orderbook replenishment and revenue visibility, thus negatively impacted CTD's share price. We have seen some more "encouraging" signals from the authorities regarding the land-use approval process and opined that 2H2019 should see more positive developments for CTD. For example, Ho Chi Minh City authorities announced that it will allow 124 delayed projects to be implemented in the near term¹⁰. Moreover, there is still reasonable revenue visibility for CTD from its order backlog of VND 23.5 trillion by end of 1H2019.

The key philosophy of the Class A Shares portfolio is to seek long-term capital appreciation for investors. Therefore, the Class A Shares portfolio is well-diversified across the key driving industries of the Vietnamese economy. The section below provides an overview of the portfolio's top holding companies.

1. Vietnam Dairy Products JSC (VNM, +3.59%)

Vietnam Dairy Products JSC is the largest dairy player in Vietnam, with a market leading 49% overall market share as of FY2018¹¹. VNM is the fourth largest market capitalization company in Ho Chi Minh City Stock Exchange (cUSD 9.3 billion or VND 216,225 billion as of 30 June 2019).

The company offers a diversified products portfolio with more than 250 stock-keeping units and its main product categories are liquid milk, powdered milk, yogurt, condensed milk and ice-cream, soya milk and fruit juices. VNM owns the biggest dairy production facilities in Vietnam with 13 dairy factories and 12 cow farms and over 27,000 herds. VNM has also successfully built one of the strongest distribution networks in Vietnam with nearly 251,000 retail points served directly by 202 distributors, 418 self-brand shops and over 3,250 supermarkets and convenience stores¹¹.

During 1H2019, VNM recorded net sales of VND 27,788 billion (+8% YoY) and net-profit after tax and minority interest (NPATMI) of VND 5,689 billion (+6% YoY). This enable the company to fulfil 50% of its full-year 2019 sales target and 62% of its full year 2019 profit-before-tax (PBT) target. For full fiscal year of 2019, VNM set its sales target at VND 56 trillion (+6% YoY) and PBT target of VND 11.2 trillion (-7% YoY). The domestic market remains the biggest top-line contributor, with revenue of VND 23,637 billion (+6% YoY), followed by export market with revenue of VND 2,284 billion (+12% YoY) and Angkor Milk with a revenue of VND 1,867 billion (+19% YoY). VNM's domestic market share rose slightly around 0.4 – 0.5 ppt in 1H2019 due to the growth in drinking yogurt and demand for infant formula was largely stable¹¹. Exports witnessed moderate recovery in the Iraq market, and it was accompanied by strong growth in smaller markets such as Indonesia, Philippines and Malaysia¹¹. Gross-profit margin (GPM) expanded from 46.3% in 1H2018 to 47.4% in 1H2019. The mainly reason came from favourable raw materials prices. The powdered milk price declined by 3% YoY in 1H2019¹². Selling expenses as a percentage of sales rose slightly, from 21.3% in 1H2018 to 21.6% in 1H2019 due to increased marketing efforts¹¹.

In June 2019, VNM announced that they bought 95.8 million shares or 38.34% stake of GTNfoods JSC (GTN). GTN indirectly owns a 37% stake of Moc Chau Milk JSC – a small dairy player with overall market share of 2.9%. The Moc Chau Milk brand is well-known dairy in the Northern parts of Vietnam. GTN also owns a large cow herd of around 22,000 cows in Moc Chau highland with favourable weather for cow

¹⁰ Source: <https://english.thesaigontimes.vn/67297/124-suspended-construction-projects-get-going-again.html>

¹¹ Source: VNM's Management

¹² Source: Bloomberg

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raising¹³. We opine that the acquisition of GTN can increase VNM's own milk production capacity and strengthen VNM's position presence in the North of Vietnam.

We expect continuing modest growth in Vietnam dairy consumption, as urbanisation and rising incomes continue to support our outlook. Moreover, growth of convenience stores will also play important role in expanding distribution of dairy products in the longer term. As Vietnam's biggest dairy producer, VNM will continue to benefit relatively more than its competitors, in our view. Gradual increase of the proportion of internally-sourced inputs is also positive for VNM's profit margins. We are confident that VNM is tracking with its strategic plan of gaining market share YoY for the period till 2021. Its strategic aims include expanding market shares by 1% per year and increasing their own cow herd to over 44,400 heads (including Moc Chau Milk)¹⁴.

By the end of June 2019, Vinamilk traded at a 2019/20F P/E of 20.6/16.5x¹⁵.

2. Hoa Phat Group (HPG, -1.3%)

HPG is Vietnam's leading steel producer with 25% market share in the construction steel product segment in Vietnam and 30% market share in the steel pipes product segment domestically, as of end of June 2019¹⁶. HPG's Steel segment contributed 76% of revenue and above 90% of NPAT. HPG also operates industrial business (furniture manufacturing), real estate (industrial park and urban housing) and agriculture business (animal feed, hog raising, beef raising, chicken eggs and hens raising).

In 1H2019, HPG posted net sales of VND 30,061 billion (+10.3% YoY) and NPAT of VND 3,860 billion (-13% YoY). The company met 39% of its full year sales target and 58% of its full year NPAT target. The top line growth was driven by the increase of sale volume despite a dip of average selling prices (ASP) during 1H2019. In 1H2019, HPG sold 1.3 million tonnes of construction steel, +23% YoY (compared to just +9% YoY growth for the sector average) and 363,000 tonnes of steel pipes, up 14% YoY (compared to just +3% YoY growth for the sector average)¹⁷. On top of the average selling price decline for construction steel (-4% YoY to VND 12,700 per kg in 1H2019), GPM was further pressured (declining from 21.4% to 18.8%) by the increase of iron ore (input) prices (+19% YoY)¹⁷.

HPG plans to launch its first blast furnace with a capacity of 1 million tons of long steel in Dung Quat steel complex in 4Q 2019. We recall that Dung Quat steel complex began construction in June 2017 and it is expected to fully complete and operational in 3 years. Of which, the first phase has a capacity of 2 million tons of long steel per year (including 1 million tons of rebar and 1 million tons of high-quality wire rod) and the second phase has a capacity of 2 million tons of hot rolled coil per year. The first phase of the project will double HPG's current long steel capacity to 4mn tons. Due to expanding capacity from Dung Quat steel complex, HPG target to sell all 4 million tons of construction steels in 2020, up 68% from 2018 volume of 2.4 million tons of construction steels. As the domestically dominant player, we still view HPG will continue to benefit from the increasing construction demand for real estate and infrastructure in Vietnam. Moreover, since 1H2019, HPG raised their domestic iron ore supply to 50% of their total requirement. This can help the company improve their control over raw materials input.

At the time of writing this report, HPG traded at a 2019/20F P/E of 7.7/6.1x¹⁵.

¹³ Source: GTN's Management

¹⁴ VNM's Management

¹⁵ Source: Bloomberg 30/06/2019

¹⁶ Source: VSA's June 2019 report

¹⁷ Source: HPG's Management

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3. FPT Corporation (FPT, +7.8%)

FPT is Vietnam's leading Information and Communication Technology company. It enjoys dominant positions across all its main business: Technology segment (made up 56% of 1H2019 revenue and 39% of 1H2019 PBT for FPT) with software production, system integration and IT services; and Telecommunication segment (39% of 1H2019 revenue and 38% of 1H2019 PBT) with broadband internet and digital content; FPT also offer Retail & Distribution and Educational services.

FPT's software development/outsourcing business is a key export driver for the company - it has exposure to 21 countries with 25 service delivery centres, providing software solutions in domains such as government, public finance, banking, education, healthcare and transportation. In particular, FPT has managed to solidify its standing with Japanese clients (which contributed 54% of its software outsourcing revenue for 1H2019).

For 1H2019, FPT posted strong results showing net sales of VND 12,492 billion (+22% YoY) and net-profit after tax of VND 1,418 billion (+29% YoY). This enable FPT to fulfil 47% its full year 2019 sales target and 48% its full year 2019 PBT target. For FY2019, FPT target to reach a sale of VND 26,660 billion (+15% YoY) and PBT of VND 4,460 billion (+16% YoY). Outsourcing (or export technology) still maintained its key contributor role with net sales of VND 4,932 billion (+38% YoY) and PTB of VND 742 billion (+40% YoY). All export market witnessed solid growth, especially the US market with a growth of 49% YoY in revenue. The biggest export market – Japanese market also experienced a growth of 26% in revenue¹⁸. System integration, software solution and IT service (domestic technology) posted robust growth of 88% YoY in PBT to VND 113 billion while the revenue increased slightly by 8% YoY to VND 2,032 billion due to slow-down in broadband average revenue per user growth to capture more market share in the tier 2 and rural area²⁰. The telecom maintained its sustainable growth of 17% in revenue and 13% YoY in PBT. The education and investment showed net sales of VND 606 billion (+6% YoY) and PBT of VND 459 billion (+25% YoY). We view strong growth prospects for FPT thanks to its competitive labour cost and strengthening track record helped by oversea acquisition. For FY2019-2021 period, FPT target to grow at a CAGR of 18% in revenue and 20% in PBT. Of which, technology segment is expected to grow by 40-45% per year and contribute 45% PBT by 2021. Based on 1H2019 results, we have the confidence that FPT is keeping on track with its plan.

On 30 June 2019, FPT traded at FY2019/20F P/E of 11.6x/9.8x¹⁹.

¹⁸ Source: FPT's Management

¹⁹ Source: Bloomberg 30/06/2019

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4. Khang Dien House (KDH, -1.96%)

Khang Dien House Trading and Investment Limited Company (KDH) is a real estate player with substantial landbank in Ho Chi Minh City. KDH operates across the entire value chain of real estate development. The company had previously focused on developing low-rise projects in the east of HCMC (District 9) (10-15 km from central business district) as execution and capital recycling can be done at a faster pace. They have since expanded into mid-rise developments including townhouse/villas and condominium since 2017.

In February 2018, KDH acquired Binh Chanh Construction Investment Shareholding JSC (BCI) by a share-swap transaction and added 400 ha of BCI's landbank to its' own. Thanks to this acquisition, KDH extended its operation to Southwest area of HCMC including District 2, Binh Chinh District and Binh Tan District. 58% of its landbank has since been cleared and it is enough to sustain the company's development plans for next 5 years.

For 1H2019, KDH posted sales of VND 1,250 billion (+35% YoY) and NPAT of VND 215 billion (-9% YoY). This helped the company to meet 42% its own full year sales target, but only 24% its full year NPAT target. For full year 2019, KDH's sales target at VND 3,000 billion (+3% YoY) and NPAT target at VND 900 billion (+11% YoY). On top of slower-than-expected property launches, YTD earnings trailed its internal expectations due to lower financial income²⁰.

We expect that a bounce-back in sales from new launches in 2H2019 will help to drive earnings growth. For 1H2019, KDH achieved VND 1.3 trillion of pre-sales agreements (these sales will be recognised when these properties are completed and handed over to buyers). Management expects that pre-sale agreements will total up to VND 4.8 trillion (+45% YoY) by the end of FY2019 once the remaining 50% of units from Safira project, the first 50% of Lovera Vista project, Phu Huu Project and Merita project are successfully sold.

Given that KDH's landbank is mainly located in the east of HCMC, we expect it to be a beneficiary of HCMC's construction master plan (with a construction outlook extending till 2030). According to said master plan, the city zone would be expanded towards the east and northeast in a compact urban model²¹, and will include residential projects in which KDH have a solid track record in.

On 30 June 2019, KDH traded at FY2019/20F P/E of 13.9x/9.4x²².

5. Vinhomes (VHM, +2.41%)

Vinhomes (VHM) is the biggest real estate developer in Vietnam. VHM has a 29% market share in the mid-end segment and a 40% market share in the premium segment. VHM owns a land bank of 16,100 ha (3.2x of its closest competitor)²³. Vinhomes operates end-to-end in the real estate development value chain, its operational capabilities including (1) land acquisition, (2) master planning and design, (3) land clearance, (4) infrastructure and ecosystem, (5) pre-sales, sales research and marketing, (6) construction and quality control, (7) property management. Such end-to-end capabilities enable VHM to capture better-than-peer margins if its execution is carried out appropriately.

For the first half of 2019, VHM recorded net sales of VND 26,770 billion (+72% YoY) and NPAT of VND 11,143 billion (+37% YoY). VHM completed 37% its full-year sales target and 54% its full-year NPAT target. For full-year 2019, VHM's sale target is set at VND 73,200 billion (+89% YoY) and its NPAT target

²⁰ Source: KDH' Management

²¹ Source: <https://vietnamnews.vn/society/420194/hcm-city-zone-construction-master-plan-approved.html#KtkWVzEBVRZ5Wxb2.97>

²² Source: Bloomberg 30/06/2019

²³ Source: VHM's Management

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at VND 20.6 trillion (+39% YoY). YTD top-line saw contribution from sales at Ocean Park low-rise development and on-going handovers at Green Bay, Golden River, Metropolis and Central Park projects. Gross-profit margin (GPM) jumped from 28% in 1H2018 to 40% in 1H2019 due to higher contribution from wholesale with which produces higher GPM (management estimates above 50%)²⁴. As of end of June 2019, pre-sales rose by 93% YoY to VND 30.9 trillion, mainly given by solid take2-up rate at mega Vinhomes projects such as Ocean Park (more than 89% of launched units) and Smart City (82% of launched unites). Wholesale of 6,900 units at Grand Park contributed 55% of total pre-sale for 1H2019²⁵.

VHM plans to hand over 8 projects over the course of the entire 2019. This includes developments such as Vinhomes Green Bay, Vinhomes The Harmony, Vinhomes Metropolis, Vinhomes Sky Lake, Vinhomes Smart City, Vinhomes Ocean Park Hanoi, Vinhomes Central Park and Vinhomes Imperia. In May 2019, VHM also announced that they will launch wholesale and projects sales at its mega projects such as Vinhomes Ocean Park and Vinhome Smart City.

As the leader of real estate sector with huge scale, once the land use right and construction license approval processes are improved, we expect that VHM's profits will increase relatively faster than its competitors. In June 2019, VHM kicked off Grand Park mega project; representing the first mega size project launched in HCMC after a long delay in land use right and construction license approval process. We view this as an encouraging sign that the land use rights approval process can possibly resume normalcy in the latter part of 2019.

On 30 June 2019, VHM traded at FY2019/20F P/E of 12.9x/6.7x²⁵.

²⁴ Source: VHM's Management

²⁵ Source: Bloomberg 30/06/2019

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II. CLASS C – Private Equity Shares

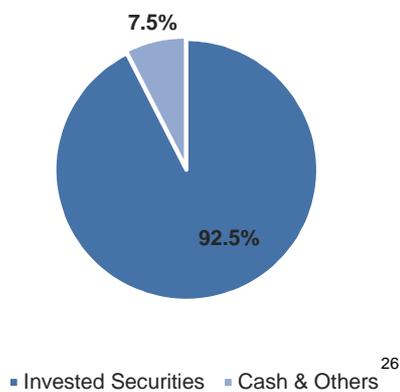
NAV Update

The NAV for the Class C Shares of the Company as of 30 June 2019 was USD 0.2607, down 22.92% from USD 0.3382 as of 31 December 2018.

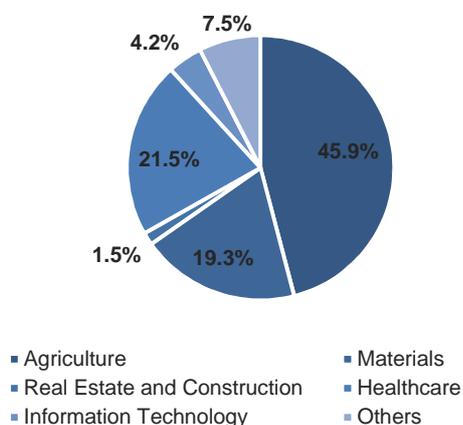
Class C Shares Exposure and Performance

The asset class and sector exposure of the Class C Shares are summarized in the charts below and discussed in detail in the following sections.

Asset Class Breakdown



Sector Exposure



²⁶ Includes accruals and liabilities

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Performance Analysis

The Vietnam Phoenix Fund Class C Shares has a fixed life expiring no later than 31 December 2020 (unless extended by an ordinary resolution passed at a separate general meeting of Private Equity Shareholders). As such, the objective of the Class C Shares is to realise the assets in the portfolio in an orderly manner that seeks to achieve a balance between maximising the value of the portfolio and returning cash to Class C Shareholders promptly by means of pro rata redemptions of the Class C Shares. No new private equity investments will be made except possibly for follow-on investments into existing positions if approved by the Board of Directors.

The Investment Manager fully exited the Company's position in An Phat, NBB and Dinh Vu Port in 1H2019. The Company's position in Tien Phong Plastic (NTP) was subsequently exited on 16 July 2019, leaving the Class C shares portfolio with only private equity holdings.

The Company has conducted three redemption exercise to return capital to investors post the restructuring of the Company in January 2017. Redemptions equal to 10% of June 2018's NAV, 13% of March 2019's NAV and 8% of June 2019's NAV were distributed.

The 5 largest holdings of the Class C Shares portfolio as of 30 June 2019 are listed below:

Top 5 Holdings			
Rank	Security Name	Market Value (USD)	% of NAV
1	GreenFeed	39,742,137	45.9%
2	Anova Corp	18,607,992	21.5%
3	Corbyns International	16,266,443	18.8%
4	VTC Online	3,663,339	4.2%
5	SSG Joint Stock Company	1,320,617	1.5%
	Total	75,937,189	91.9%

The Class C Shares portfolio returned -22.92% in 2019, with the decrease largely due to the outbreak of African Swine Fever (ASF) which affected the 2 feed companies in the portfolio and the change in valuation methodologies for Corbyns and VTC Online.

The Company's Private Equity (PE) investments are re-valued on a semi-annual basis, based on valuations provided by Grant Thornton Vietnam, with updates on exit progress from the Investment Manager.

The valuation of the Company's position in Greenfeed and Anova decreased by 14.6% and 10.7% respectively as ASF continues to affect the swine industry in Vietnam. Valuation multiples of industry peer competitors also declined since last year.

The valuation of the Company's position in Corbyns decreased by 29.0%. Grant Thornton has taken into account various potential exit scenarios for this position, including not only repayment or direct sale of the convertible loan, but also potential appointment of a receiver to undertake a sales process to market Corbyns' shares in VII, and/or to sell the underlying Vietnam operating business.

Similarly, for VTC Online, the valuation decreased by 39.5%. Grant Thornton applied a weighted average valuation taking into account multiple possible exit scenarios, including possible legal action to enforce the put option, and a sale of the position as a distressed asset.

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The Company has provided provision for capital gain tax (CGT) as advised by the Company's tax advisors in light of potential sales. The NAV of the Class C shares was negatively impacted by a provision for CGT of USD 7.2mn. This accounted for 6.4% of the decrease in NAV for the Class C shares.

1. GreenFeed Vietnam Corporation

In May 2010, the Company made a USD 9.5mn investment in GreenFeed Vietnam Corporation (GFVN), a leading producer of animal feed. The investment was made via USD 4.0mn in secondary shares and USD 5.5mn in a convertible instrument, for a fully diluted 17.2% stake in the company. In June 2014, the Company invested USD 0.7mn to purchase additional secondary shares and converted the existing convertible instrument into shares. This increased the Company's fully diluted stake in GFVN to 17.9%. To date, the Company has received approximately USD 15.0mn in dividends from Greenfeed.

GFVN is one of the top largest feed millers in Vietnam²⁷, competing against large foreign companies including Charoen Pokphand of Thailand and Cargill of US. Given the highly fragmented nature of the market, GFVN is gearing up to capture a larger market share in the next few years. As of end June 2019, GFVN has reached an annual capacity of 2mn tonnes of feed.

For 5M 2019, net sales increased 13.5% YoY while the company registered profit of VND 49.6bn compared to losses of VND 30.3bn for the same period last year. Selling expenses on revenue increased to 7.5% as compared to 6.2% and 6.0% in FY 2017 and FY 2018 respectively as the company ramps up effort to defend market share amidst the industry downturn. General and administration expenses on net sales for the period from 2015 – 2018 were around 3.7% - 3.9%, this ratio has increased to 3.9% for 5M 2019. Management guidance is that the business environment is expected to remain challenging for the second half of 2019 as negative consumer sentiment due to ASF continues to weigh on pork consumption. Further, GFVN is expected to increase its general and administration expenditure in H2 2019 as the company is required to step up its effort to prevent ASF from further spreading within their farms.

The outbreak of ASF has resulted in Vietnam culling up to 2.5mn²⁸ pigs between the beginning of 2019 and June 2019. This reduction in the pig population is expected to negatively impact the demand for pig feed in 2019.

There is currently no trading market for shares in GFVN. As of 30 June 2019, the valuation of the Company's position in GFVN was valued at USD 39.9mn. GFVN's valuation is exposed to risks tied to the overall development of the swine industry in Vietnam, as well as the execution of the company's business and expansion plans.

The Company's interest in GreenFeed was sold back to the Sponsor on 12 September 2019 for VND 930bn. The Company is expected to pay VND148.6bn in taxes. Net proceeds after tax is estimated at VND 781.4bn.

2. Anova Corporation

In May 2011, the Company made a USD 8.7mn investment in Anova Corporation ("Anova") via 3-year convertible bonds, extended for another two-year period through 2015. In June 2012, the Company invested USD 1.7mn, exercising its pre-emptive right to subscribe to ordinary shares via a rights issue for Anova to acquire an animal feed company. In September 2015, the Company invested USD 2.2mn via a second rights issue for Anova to expand the animal feed business. The synergies available between feed, feed additives and animal health products will create opportunities over the next few years for Anova to gain market share

²⁷ Source : <http://www.greenfeed.com.vn/en/about-us/>

²⁸ Source: <https://www.channelnewsasia.com/news/asia/vietnam-culls-2-5-million-pigs-to-halt-african-swine-fever-11638068>

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and penetrate new markets. In June 2018, the Company invested USD 3.4mn via a third rights issue for Anova to expand its position in the farm-feed-food value chain. The Company's total fully diluted stake in Anova is 16.3%. To date, the Company has received approximately USD 3.9mn of dividends and interest from Anova.

Anova is the leading manufacturer of veterinary health products in Vietnam as well as the leading importer and distributor of raw materials for the animal health and feed sectors. Anova maintains a market share of 17% in the manufacturing and sale of finished veterinary products with the next closest competitor, Vemedim, at 12% of the total market.²⁹

For 1H2019, net sales were down 10.6% YoY as Vietnam's pig industry was affected by ASF. Gross margin decreased 13.8% YoY as feed prices recovered slower than expected amidst stabilising pork prices. The consolidation of VinaSugar II, acquired in 2018, also resulted in an increased in general and administration expenses (up 26.8% YoY). Net profit for 1H2019 decreased 80.9% YoY to VND 10.4bn mainly due to the factors mentioned above. Anova's management remain confident for H2 2019 as they conveyed that ASF may benefit their vaccination businesses as farmers are starting to step up their disinfection efforts for their farms. Management also updated that the Company is track to position itself as a major player in the farm-feed-food value chain in Vietnam.

There is currently no trading market for the convertible bonds or ordinary shares. As of 30 June 2019, the Company's position in Anova was valued at USD 18.7mn. Similar to Greenfeed, Anova's valuation is exposed to risks tied to the overall development of the swine industry in Vietnam, as well as the execution of the company's business and expansion plans. The Company's sales process for Anova has been progressing well. The Investment Manager expects non-binding bids to be submitted by the second week of September, which will be followed by an initial selection of investors who will move on to advanced due diligence stage. The Investment Manager expects the sale to be concluded by the beginning of 2020, barring any unforeseen circumstances.

3. Corbyns International Limited

In February 2013, the Company invested USD 12.2mn via a convertible loan in Corbyns International Limited ("Corbyns"), which owns 81.8% of Vietnam Industrial Investments (VII). Listed on the ASX, VII is a leading steel manufacturer, primarily manufacturing wire rods and rebars used in construction and infrastructure projects. In September 2017, the Company committed an additional USD 2.5mn, of which USD 450k was drawn down for the restructuring of VII. The Company indirectly owns up to 33.2% of Corbyns. To date, Corbyns has paid USD 6.4mn of interest to the Company.

VII is amongst the top steel manufacturers in Vietnam with production capacity of up to 50,000 tonnes per month. VII's key brands are well recognized in the marketplace and they remain the leading brand in their own product segments. VII maintains a robust distribution platform that includes 30 tier-1 distributors and 100 tier-2 distributors across all regions of Vietnam. The company has a particularly strong presence in Northern Vietnam. The management recently updated that 2 of their subsidiaries – SSESteel Ltd and Vinausteel Limited's Foreign Direct Investment licences to operate will expire in 2027 and 2025 respectively.

On 30 May 2019, VII updated that their strategic billet supplier, Nam Thuan Company (NTC), has successfully commissioned its next phase of rebar production based on the process of hot charging of billets. The hot charging was effectively implemented on a stable basis sooner than expected, and the mill is

²⁹ Source: Anova management

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currently producing an average of 500 tons per day. Management expects the successful implementation of this phase to result in future significant production and cost savings for VII.

There is currently no trading market for the convertible loan. As of 30 June 2019, the Company's position in Corbyns was valued at USD 16.3mn. This valuation conclusion is the weighted average of various scenarios in which the Investment Manager is currently pursuing to exit, including appointing a receiver to take possession and sell VII shares (secured assets to the Company's convertible loan) or to take control of VII with the ultimate aim to sell the underlying operating business in Vietnam. Corbyn's valuation is exposed to risks tied to the overall development of the steel industry in Vietnam, the execution of the company's business and expansion plans, as well as the limited lifespan of Foreign Direct Investment (FDI) licences. With the convertible loan maturing in September 2019, the Sponsor has been actively looking for a replacement lender to return capital to the Company. The Sponsor has since updated that a potential lender has conducted a site visit in the first week of September 2019 and is in the process of conducting further due diligence. The Investment Manager does not rule out extending the maturity of the convertible loan if the interested replacement lender remains committed, subject to the Company's Board of Directors' approval. A key risk to the final realisable value would be the inability for Corbyns to secure a replacement lender to repay the convertible loan.

4. VTC Online

In July 2012, the Company made a USD 10.0mn investment via subscription of ordinary shares, in VTC Online, an online games publisher in Vietnam. The Company owns 19.5% of VTC Online.

For Q1 2019, VTC Online recorded revenue of VND 29.4bn and net profit of VND 112mn.

On September 2018, the Investment Manager submitted a demand to exercise its put option to the company with a request to repurchase its shares to VTC Online. The value of VPF's investment in VTC Online has been determined based on the put option's trigger event of "No IPO/ Listing within 3 years from Closing Date".

After several rounds of negotiation, the Investment Manager met with the major shareholders of VTC Online in August 2019 and negotiated a proposal which would allow VTC Online to sell the 18 Tam Trinh building to return capital to the Company. The Investment Manager is expected to receive the final confirmation of the acceptance of the proposal by the end of September 2019. The Investment Manager is also concurrently conducting a valuation exercise to appraise the updated value of the 18 Tam Trinh building.

There is currently no trading market for the ordinary shares. As of 30 June 2019, the Company's position in VTC Online was valued at USD 3.7mn. The valuation from Grant Thornton took into account various exit possibilities including disposing of the Company's stake in VTC Online as distressed assets. The value of the Company's investment in VTC Online is subject to the company's ability to realise the value of the 18 Tam Trinh building, in which VTC Online owns 60% (with the remaining 40% held by VTC, the majority shareholder of VTC Online), as well as the acceptance of the proposal put forth by the Investment Manager to the respective major shareholders of VTC Online.

5. SSG Joint Stock Company

The Investment Manager is currently pursuing various strategies to exit the Company's position in SSG, including selling the Company's stake back to either the main owner, other shareholders of SSG, or back to the Company.

As of 30 June 2019, the Company's position in SSG was valued at USD 1.3mn.

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III. Market Overview

1H2019 GDP still strong– For the first half of the year, Vietnam recorded GDP growth of 6.76% - lower than 1H2018's 7.05% growth. However, it is still the second highest reported GDP growth over first six months since 2011. The industrial and construction sectors were still the main drivers for GDP growth as they grew by 8.93% and contributed to 51.8% of GDP growth. Another significant contributor to GDP growth was the services sector (+6.69% during 1H2019), and it made up 42.2 % of GDP growth. The agriculture, forestry and fishery sectors rose by 2.39% in total and contributed 6.0% to the GDP numbers. Vietnam's General Statistics Office believes the GDP growth was fuelled by a largely stable macro-economic environment, impressive rice exports numbers and low unemployment rates³⁰.

Inflation remained low – Vietnam's consumer price index (CPI) rose 2.64% in 1H2019 – the slowest pace of CPI increase recorded over the past three years. The hike in electricity price and longer Tet holiday were the main factors behind the YoY increase of the CPI reading thus far in 2019. The retail electricity price was revised up by 8.36% since 20 March 2019 and Vietnam's Tet holiday lasted 9 days in 2019 (vs. 7 days in past years). By contrast, the decrease in pork rice due to African Swine Fever (AFS) and a fall of 3.55% in gasoline price reined back the CPI increase. Started since February 2019, the AFS broke out 60 out of 63 provinces in Vietnam and the event led to roughly 20% in pork prices.

Credit growth tracking in-line with regulators' expectations – By the end of June 2019, Vietnam's credit growth reached 7.33% YTD (vs. growth of 6.14% for the same period in 2018)³¹. While SBV tightened consumer loans and mortgage lending, consumer loans still showed the highest growth of 8.1% YTD and accounted for 20.1% of total credit (vs 17.7% in 1H2018). The mortgage lending segment reported the second highest growth, 6.5% YTD, followed by credit for the industrial constructions sector with a growth of 6.4% during 1H2019. Credit for trading and services sector reported growth of 7.3% and credit for agriculture, forestry and fishery sectors reported loan growth of 4%. For full year 2019, the State Bank of Vietnam 14% target for credit growth remains unchanged. The interest rates remained largely stable, at between 6-9% for short term loans and 9-11% for mid to long term loans³².

US-China trade war may yield benefits to Vietnam's trade performance – Vietnam recorded a trade surplus of USD 1.59 billion in 1H2019 compared to a trade surplus of USD 2.7 billion in 1H2018. Exports value rose by 7.2% YoY to USD 122.53 billion while imports value rose by 8.9% YoY to USD 120.94 billion. Vietnam's exports to US (which is the largest destination market for Vietnam exports) of Vietnam grew to USD 27.5 billion (+27.3% YoY). Exports to EU (second largest destination market for Vietnam exports) reached USD 20.5 billion (-0.6% YoY). In terms of imports, Vietnam grew its imports from China to USD 35.7 billion (+18.5% YoY) and China remained the largest import market source for Vietnam. This is followed by USD 22.5 billion worth of imports from South Korea (-0.8% YoY). The Vietnam-EU official FTA was officially signed on 30 June 2019 and it will eventually eliminate 99% of tariffs between said trading partners. The Vietnamese government expects the FTA to be a significant positive for Vietnam as it is expected to boost Vietnam's GDP by 2.18% to 3.25% annually by year 2023, and by 4.57% to 5.30% annually between 2024 to 2028³².

Foreign investment inflows remained strong – As of end June 2019, total new registered Foreign Direct Investment (FDI) and additional FDI was recorded at USD 10.3 billion (-36.3% YoY). The YoY decrease was partly due to the high base of last year as at June 2018 included three new megaprojects including the smart city project located in Hai Boi and Vinh Ngoc communes, Dong Anh district, Hanoi (USD 4.14

³⁰ Source : <https://vietnamnews.vn/economy/522033/gdp-climbs-676-per-cent-in-six-months.html#2XIZQ9wQTBYEo1qJ.97>

³¹Source : <https://vietnamnews.vn/economy/522306/credit-growth-expanded-733-in-h1-2019-sbv-governor.html#GYiXKdfYjboewjog.97>

³² Source: <https://www.reuters.com/article/us-eu-vietnam-trade/vietnam-eu-sign-landmark-free-trade-deal-idUSKCN1TV0CJ>

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billion), a polypropylene (PP) factory and a liquefied petroleum gas (LPG) underground storage facility in Ba Ria-Vung Tau (USD 1.2 billion) and an international integrated resort - Laguna Lang Co project in Hue (USD 1.12 billion)³³. Total FDI disbursement was USD 9.1 billion (+8.1% YoY). Capital contribution and share purchase by foreign investors reached USD 8.1 billion (+98.1% YoY) during 1H2019 due to the Sabeco deal (USD 4.8 billion) that took place. Hong Kong was the most significant source of foreign investment in Vietnam during said period, with total investment of USD 5.3 billion (including share purchases of Vietnam Beverage Limited of USD 3.8 billion). Followed by South Korea with USD 2.7 billion and China with USD 2.3 billion. The manufacturing sector attracted the most FDI funds from foreign investors and accounted for 71.2% of total FDI. The real estate sector contributed 7.2% of total FDI over the same period and witnessed the strong growth with 23% YoY.

The VND depreciated by 0.5% against the USD – During the first 6 month of 2019, despite the strengthening of USD (against most ASEAN currencies) and relative weakness of the Chinese RMB (against the USD), the VND remained largely stable. This is due to strong support from foreign inflows of FDI disbursements and positive trade performance.

Vietnam Economic Indicators

		2016	2017	2018	2019F
Real GDP Growth	%	6.20	6.70	7.08	6.80
CPI	%	4.70	2.60	3.54	3.50
Export Growth	%	9.00	20.60	13.80	8.80
Import Growth	%	5.20	21.30	11.50	11.70
Trade Balance	\$bn	2.70	2.30	7.20	0.62
Registered FDI	\$bn	21.00	35.90	25.60	20.00
FX Reserve	\$bn	41.00	52.00	60.00	60.00
USDVND	VND	22,761.00	22,968.00	23,245.00	23,942.00

*Source: Duxton estimates

A lag in Vietnamese stock market in comparison to ASEAN peers – VN Index returned 5.90% in 1H2019 while VH Index lost 1.11% over the same period in USD term.

Comparing across ASEAN regional indices, the VN Index's YTD returns trailed most of the other indices in ASEAN except for the FBMKLCI Index. This relative lag in the index's overall performance is not completely justified in our view, as we believe Vietnam can stand out as one of long-term beneficiaries of the trade tension between US and China. We expect major supply chains to continue diversifying away from China and flow into Vietnam. Vietnam is supported by a new Free-Trade Agreement put in place with the European Union (EU) and its own domestic growth runway is still long. We believe that the VN Index can be supported by the economic growth in Vietnam driven by urbanisation and the growing middle-class consumers segment.

Similar to the other stock markets, Vietnamese stock market experienced high volatility in 1H2019 due to heightened trade tensions between US and China, monetary policy shifts in both US and EU, and geopolitical tensions across parts of Asia (such as HK SAR and China).

Foreigners bought USD 455 million in Vietnamese stock market during the first 6 months of 2019. Foreign investors' purchases focused narrowly on several names, including VinGroup (VIC) [+21.28%], Masan Group (MSN) [+6.98%], VietcomBank (VCB) [+31.63%], while they mainly sold VietJet (VJC) [+7.48%],

³³ Source: <https://congthuong.vn/fdi-6-thang-tang-manh-dong-von-gop-mua-co-phan-121532.html>

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VinHomes (VHM) [+7.92%], Ho Chi Minh Development Bank (HDB) [-9.34%] and DHG Pharmaceutical (DHG) [+40.18%].

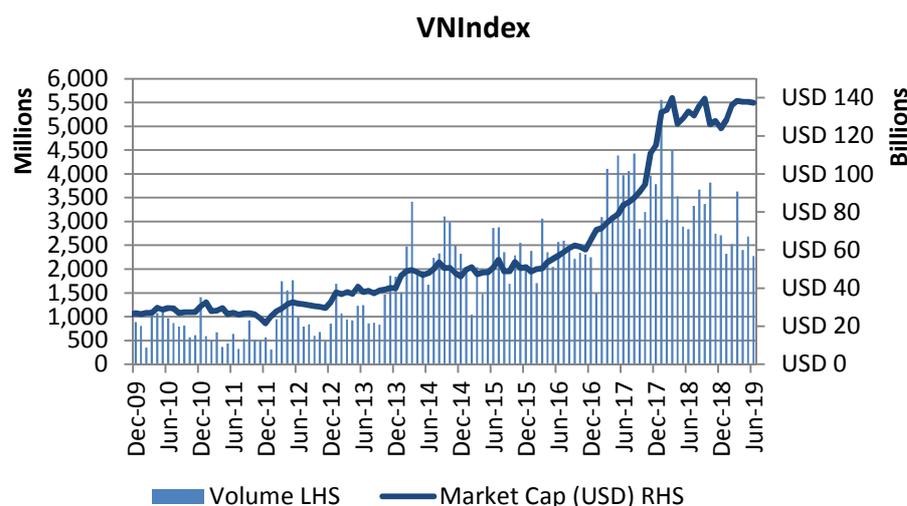
VIC was the biggest contributor to VN Index during 1H2019 with return attribution of 2.23%. VIC returned 21.28% in 1H2019. Market participants are positive on VIC's ventures, including its VinFast automotive segment and its expansion into mobile phone design and manufacturing. These ventures further expand VIC's diversified reach as a conglomerate in Vietnam, and investors have largely reacted positively to its new segments during 1H2019. Additionally, in May 2019, Korean conglomerate SK Group bought 154 million VIC's share at a price of VND 113,000 per share via private placement to become major shareholder with a 6% stake. The deal size was c.USD 1 billion.

By contrast, the main detractor for the VN Index's performance was Techcombank (TCB) with negative 0.61% impact on the VN Index. TCB's share price decreased 21.36% in 1H2019. The main reason was largely due to tightening of mortgage lending by SBV and TCB is the second largest mortgage lender in Vietnam, after BIDV.

As end of June 2019, VN Index traded at FY2019 forward P/E of 20.1x, on the back of FY2019F EPS growth of 15%, ROE of 22.4% and dividend yield of 1.5%³⁴.

		Mkt Cap (USD bn)	H1-2019 index change (USD)	2019 Forward P/E	PEG	Div Yield	ROE
Indonesia	JCI/	514	5.53%	20.0	1.7	2.3%	20.3%
Thailand	SET	577	17.34%	20.8	2.6	2.6%	15.1%
Singapore	FSSTI	427	9.84%	13.8	6.5	3.4%	9.6%
Malaysia	FBMKLCI	258	-0.79%	21.2	5.6	3.1%	19.4%
Philippines	PCOMP	197	9.83%	18.6	8.9	1.5%	132%
Vietnam	VNINDEX	137	-3.44%	20.1	1.3	1.5%	22.4%

Source: Bloomberg 30/06/2019



³⁴ Source: Bloomberg 30/06/2019

VIETNAM PHOENIX FUND LIMITED

INVESTMENT MANAGER'S REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2019

IV. Outlook and Strategy

Listed Equities

The Investment Manager's bottom-up stock selection aims to identify high quality companies with sustainable growth potential, strong competitive advantages and an economic moat. In addition, our stock selection strategy also emphasizes on investing in companies that are helmed by a competent and effective management team with solid track record and sound corporate governance.

In terms of the macro-economic environment, we believe that Vietnam's economic growth story remains structurally attractive. Over the longer term, Vietnam's economic expansion will be aided by an expanding middle-class, fueling consumption growth and urbanization trend. The country's demographic profile (the Vietnamese population's median age is only 30 years old, as of Jul-2017) is one of the most promising within ASEAN and can help sustain a long growth runway for the developing country.

The current VPF A Shares portfolio includes high quality companies that are well-placed to benefit from Vietnam's growth. Within portfolio's top five holdings, VNM is amongst the most well-managed company in Vietnam's corporate landscape. Its well-recognized brand boasts of c.50% market share in the dairy milk segment within Vietnam and it is supported by an extensive distribution network. Going forward, we expect VNM to capture growing domestic consumption in Vietnam and continuing growth of per-capita milk consumption. VNM's track record in generating free cashflow from its operations is outstanding and we expect that its market leading position will enable this to continue.

HPG is the largest steel player in Vietnam (more than 4 million tonnes of construction steel production capacity annually after all expansion plans are completed). The steel producer reported 25% market share in construction steel and 30% market share in steel pipes as of Jun-2019. We believe it will stand to benefit from broad-based increase of steel demand driven by the urbanization trend in Vietnam. HPG's valuations remain undemanding in our view, trading at 2019E/2020E forward P/E of 7.7x/6.1x respectively.

FPT, one of the largest holding in the VPF A portfolio currently, is the most recognizable player within Vietnam's information technology (IT) services and IT outsourcing industry. FPT's IT outsourcing services are offered to domestic clients across a broad range of industries (including government administration, banking and finance and healthcare). FPT is also a successful example of a Vietnamese company that is competitive in overseas markets – consistently growing its revenue from its software outsourcing segment by 35% in 2018 driven by growth in markets such as Japan and US.

VHM is the largest real estate developer in Vietnam with significant market shares across most residential segments – 40% market share reported in the premium high-end segment and c.29% in the mid-tier segment. Its sizeable landbank of 16,100ha and track record in executing projects in the highly urban areas such as Hanoi and HCMC makes it a prime beneficiary of the growing demand for residential projects in these two key cities for Vietnam. It has been negatively impacted by delays of land use approvals, but we believe once the land use rights and construction licenses are approved, it can continue to benefit from Vietnam's urbanization trend.

KDH is another notable real estate developer within Vietnam that has a strong track record in developing low-rise projects in HCMC and is expanding into high-rise condominiums in recent years. Given HCMC's robust economic growth (relative to other parts of Vietnam) and draw as a destination for rural to urban migrants in Vietnam, we opine that KDH's projects will be well sought after. Its landbank is sizeable and can easily benefit from the Government's Master Plan for development of HCMC for the next five years (2019 to 2023).

On top of the current existing holdings within our portfolio, we are constantly evaluating a number of companies that are likely to benefit from increased integration of Vietnam into global trade networks. We see

VIETNAM PHOENIX FUND LIMITED

INVESTMENT MANAGER'S REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2019

attractive long-term growth prospects for companies within the infrastructure space, transportation/logistics industry and select names in the banking sector which can effectively tap the overall economic growth of Vietnam.

Private Equity

As VPF C has a fixed life expiring no later than 31 December 2020 (unless extended by an ordinary resolution passed at a separate general meeting of Private Equity Shareholders), the investment objective for the Class C Shares portfolio is to realise the assets in an orderly manner that seeks to achieve a balance between maximising the value of the portfolio and returning cash to shareholders promptly by means of pro-rata redemptions of the Class C Shares. The Investment Manager is working towards achieving liquidity for each investment in the portfolio. As the portfolio comprises of meaningful stakes in leading companies in their respective industries in Vietnam, the Investment Manager believes there will be interest shown by financial investors as well as strategic investors.

In 1H2019, the Vietnamese pig industry took a negative turn due to the outbreak of the ASF. The wide spread of the disease saw Vietnam culling up to 2.5mn pigs since the beginning of the year, out of an estimated pig's pig population of 30mn³⁵. In line with the downturn of the industry, valuations conducted by Grant Thornton reflected a decrease in valuation for both Greenfeed and Anova. On Greenfeed, the Sponsor remains committed to buy back the Company's stake and the Investment Manager is progressing to firm up the deal structure and selling price of the Company's stake to the Sponsor. On Anova, the sales process has been progressing well. The Investment Manager expects non-binding bids to be submitted by the second week of September, which will be followed by an initial selection of investors who will move on to advanced due diligent stage. The sales for both Greenfeed and Anova is expected to conclude by end of 2019. Meanwhile, Corbyns was unable to successfully relist VII on the Vietnamese stock exchange as per originally planned. With the convertible loan maturing in September 2019, the Sponsor has been actively looking for a replacement lender to return capital to the Company. The Sponsor has since updated that a potential lender will be conducting site visit in the first week of September 2019. The investment manager, while continuing to pursue various other exit options - including appointing receiver to sell VII's shares, is of the view that sending Corbyns into receivership would be value-destroying and should be employed as the last resort. The Investment Manager does not rule out extending the maturity of the convertible loan if the above-mentioned replacement lender remains committed, subject to the Company's Board of Directors' approval. The Sponsor, via his financial advisor, is updating the Investment Manager on the progress on a weekly basis.

With regards to the illiquid listed investments, the Investment Manager has successfully liquidated shares of all listed investments. Following the sale of these investment, the Company made a redemption in May 2019 of a pro rata share of 13% of each investors' Class C shares based on March 2019's NAV.

³⁵ Source: <https://www.reuters.com/article/us-vietnam-swinefever/vietnam-culls-2-million-pigs-urges-whole-nation-to-fight-swine-fever-idUSKCN1T10P7>

VIETNAM PHOENIX FUND LIMITED

INVESTMENT MANAGER'S REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2019

V. Risks in the second half of 2019

Apart from the inherent risks of investing in an emerging market such as Vietnam, the Investment Manager would like to draw additional attention to the following points that could adversely impact the VPF A Shares portfolio's performance over the near-term six-month period:

Synchronized global economic slowdown – The global economic environment has seen increased instability. While investment appetite can still grow in the near-term due to possibility of renewed monetary easing policy (interest rate cuts in EU and US), threats to economic growth prospects can still outweigh monetary policy support in the near term. This is especially if the trade war escalates further and leads to disorder in the currency market and other regional trade links (Korea-Japan and China-ASEAN). In past recession events, capital flows had tended to be withdrawn from emerging markets first, due to perceived higher levels of risks present in emerging markets than compared to developed market. Coupled with a weakened consumption environment in China and other major markets such as EU, Vietnam's export numbers may still be hurt in the near-term by an overall global economic slowdown.

Escalation of trade war tensions and spilling into other areas of contention – While Vietnam can potentially yield positive benefits (e.g. from shift of manufacturing capacity to Vietnam) from the ongoing trade tensions between US and China, it is still not clear how the trade disputes might evolve in an escalating in a tit-for-tat approach between the two major economies. Recent moves over the devaluation of Chinese RMB currency (especially during Aug-2019) is a sign of concern. Apart from increased volatility in the financial markets (including Vietnam's) derived from sudden and significant shifts in major currencies, the devaluation of Chinese RMB might also reduce Vietnam exporters' competitiveness relative to China. It is difficult to estimate to the approaches that the major economies might take to cushion the impact that their own domestic economies might face. However, in the near-term, it is may continue put pressure on Vietnam's near-term export growth.

If the near-term trade dispute escalates significantly, we expect a broad-based negative impact on consumers' confidence. Given Vietnam's export-oriented growth, weaker demand conditions from Europe, US and broad Asian markets will impact consumer spending and pace of consumption growth within Vietnam. Specifically, we do expect consumer discretionary spending and highly cyclical industries such as materials to be negatively impacted. At the same time, we also believe that credit growth for banks will be negatively impacted in the near-term by such a negative turn of events.

VIETNAM PHOENIX FUND LIMITED

INVESTMENT MANAGER'S REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2019

List of holdings as of 30 June 2019			
Share Class	Security Name	Ticker	Value (USD)
Class A			37,084,296
	VIETNAM DAIRY PRODUCTS JSC	VNM VN	6,010,728
	FPT CORP	FPT VN	5,299,181
	HOA PHAT GROUP JSC	HPG VN	3,707,111
	KHANG DIEN HOUSE TRADING AND	KDH VN	3,511,928
	VINHOMES JSC	VHM VN	3,096,460
	MOBILE WORLD INVESTMENT CORP	MWG VN	2,073,707
	KINH BAC CITY DEVELOPMENT SH	KBC VN	1,867,533
	PETROVIETNAM POWER CORP	POW VN	1,793,607
	HDBANK	HDB VN	1,698,628
	BANK FOR FOREIGN TRADE JSC	VCB VN	1,690,121
	REFRIGERATION ELECTRICAL ENG	REE VN	1,389,628
	HO CHI MINH CITY SECURITIES	HCM VN	1,001,734
	THIEN LONG GROUP CORP	TLG VN	778,262
	SSI SECURITIES CORP	SSI VN	771,394
	VIETNAM NATIONAL PETROLEUM G	PLX VN	765,930
	COTECCONS CONSTRUCTION JSC	CTD VN	599,393
	VIET CAPITAL SECURITIES JSC	VCI VN	437,353
	VIETNAM ENTERPRISE INV LTD-C	VEIL LN	236,020
	VIETNAM TECHNOLOGICAL & COMM	TCB VN	235,765
	KIDO FROZEN FOODS JSC	KDF VN	119,813
Cash and other			935,024
Total before Redemptions			38,019,320
Redemptions for 30 June 2019			-2,494,979
Total after Redemption			35,524,341

VIETNAM PHOENIX FUND LIMITED

INVESTMENT MANAGER'S REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2019

List of holdings as of 30 June 2019			
Share Class	Security Name	Ticker	Value (USD)
Class C			80,027,698
	ANOVA CORPORATION - CB	NA	9,867,941
	ANOVA CORPORATION - ordinary shares	NA	8,740,051
	Corbyns International Limited (VIETNAM)	NA	16,266,443
	GREENFEED - ordinary shares	NA	39,742,137
	S.S.G Group Joint Stock Company	NA	1,320,617
	TIEN PHONG PLASTIC JSC	NTP VN	427,170
	VTC Online	NA	3,663,339
	Cash and other		13,671,755
	Provision for Capital Gain Tax		-7,186,536
	Total		86,512,917

Duxton Asset Management Pte Ltd
June 2019

VIETNAM PHOENIX FUND LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Notes	30/06/2019 US\$	30/06/2018 US\$
Income			
Net (loss) on investments at fair value through profit or loss	12	(17,035,720)	(3,766,823)
Total (expense)		(17,035,720)	(3,766,823)
Operating expenses	3	(1,121,474)	(1,807,787)
(Loss) for the period before taxation		(18,157,194)	(5,574,610)
Taxation			
Deferred taxation	9	(7,186,536)	-
(Decrease) in net assets attributable to holders of redeemable participating shares resulting from operations		(25,343,730)	(5,574,610)
		Class A Shares	Class C Shares
		30/06/2019	30/06/2019
Earnings/(loss) per Share			
Basic		0.64	(7.06)
Diluted		0.64	(7.06)
Weighted average shares outstanding			
Basic		62,968,156	364,848,754
Diluted		62,968,156	364,848,754
		Class A Shares	Class C Shares
		30/06/2018	30/06/2018
(Loss) per Share			
Basic		(3.72)	(0.57)
Diluted		(3.72)	(0.57)
Weighted average shares outstanding			
Basic		84,580,102	423,750,000
Diluted		84,580,102	423,750,000

The accompanying notes form an integral part of these condensed financial statements.

VIETNAM PHOENIX FUND LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Notes	30/06/2019	31/12/2018
		US\$	US\$
Assets			
Cash and cash equivalents	5	1,272,160	273,266
Financial assets at fair value through profit or loss	12	130,639,569	169,439,907
Total assets		131,911,729	169,713,173
Liabilities			
Accounts payable	6	(192,956)	(273,424)
Deferred taxation	9	(7,186,536)	-
Total liabilities (excluding net assets attributable to holders of redeemable participating shares)		(7,379,492)	(273,424)
Net assets attributable to holders of redeemable participating shares		124,532,237	169,439,749

The accompanying notes form an integral part of these condensed financial statements.

VIETNAM PHOENIX FUND LIMITED

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Notes	30/06/2019	30/06/2018
		US\$	US\$
Net assets attributable to holders of redeemable participating shares at beginning of the period		169,439,749	209,607,800
Proceeds from issuance of share subscriptions during the period		21,055	100,000
Payments on share redemptions during the period	15	(19,584,837)	(19,043,881)
Decrease in net assets attributable to holders of redeemable participating shares resulting from operations		(25,343,730)	(5,574,610)
Net assets attributable to holders of redeemable participating shares at end of the period		124,532,237	185,089,309

The accompanying notes form an integral part of these condensed financial statements.

VIETNAM PHOENIX FUND LIMITED

STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2019

	30/06/2019	30/06/2018
	US\$	US\$
Cash flows from operating activities		
(Loss) for the period	(25,343,730)	(5,574,610)
<i>Adjustment for non-cash items:</i>		
Decrease in financial assets at fair value through profit or loss	38,800,338	26,185,618
<i>Changes in operating assets and liabilities</i>		
Increase/(decrease) in accounts payable	7,106,068	(3,304,220)
Net cash from operating activities	20,562,676	17,306,788
Cash flows from financing activities		
Share redemptions during the period	(19,584,837)	(19,043,881)
Share subscriptions during the period	21,055	100,000
Net cash used in financing activities	(19,563,782)	(18,943,881)
Net increase/(decrease) in cash and cash equivalents	998,894	(1,637,093)
Cash and cash equivalents at the beginning of the period	273,266	3,594,570
Cash and cash equivalents at the end of the period	1,272,160	1,957,477
Cashflows from operating activities include:		
Interest received	250,925	436,992
Dividend received	598,488	3,127,419
Taxation paid	(16,251)	(11,771)

The accompanying notes form an integral part of these condensed financial statements.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

1 Incorporation and principal activity

The Vietnam Phoenix Fund Limited (the “Company”), previously known as DWS Vietnam Fund Limited, is an exempted company with limited liability formed under the laws of the Cayman Islands on 13 September 2006. The registered office of the Company is located at: DMS House, 20 Genesis Close, P.O. Box 1344, Grand Cayman KY1-1108, Cayman Islands.

The investment objective of the Class A shares portfolio is to seek long-term capital appreciation by investing directly or indirectly in a diversified portfolio of securities of companies that do some or all of their business in Vietnam.

For the Class A shares portfolio, the Company seeks to achieve its investment objective through investing primarily in securities of listed entities, including Vietnamese-listed companies and overseas companies. The Company may also invest in securities issued by governmental agencies.

The investment objective of the Class C shares portfolio is to realise the assets attributable to Class C, to be effected in an orderly manner that seeks to achieve a balance between maximising the value of the Class C portfolio and returning cash to holders of Class C shares promptly by means of pro rata redemptions of Class C shares. Class C shares will have a fixed life expiring on the earlier of the date on which the last private equity shares are redeemed and 31 December 2020 (unless extended by an ordinary resolution passed at a separate general meeting of Private Equity Shareholders).

The Company holds all of its investments through wholly owned subsidiary companies which are special purpose entities (“SPEs”) incorporated outside of Vietnam. The Company has seven wholly-owned SPEs, incorporated as exempted companies with limited liability in the Cayman Islands having the purpose of acting as trading conduits of the Company. These SPEs have the following names:

1. Epsom Limited
2. Lionel Hill Limited
3. Beira Limited
4. Prime Limited
5. Siglap Limited
6. Kallang Limited
7. Hephaestus Limited

As at the period end all of these SPEs were in operation.

As at 30 June 2019 and 31 December 2018, the Company and its SPEs (the “Group”) had no employees. The investment activities of the Company are managed by Duxton Asset Management Pte Ltd (“Duxton” or the “Investment Manager”) and the administration of the Company is delegated to the Administrator. The Investment Manager appoints all members of the boards of directors of the eight SPEs listed above. Class C shares of the Company are listed on Euronext Dublin.

2 Significant accounting policies

Statement of Compliance

These condensed interim unaudited financial statements for the six months ended 30 June 2019 have been prepared in accordance with IAS 34, “Interim Financial Reporting” issued by the Financial Reporting Council, which are adopted pursuant to the procedure provided for under Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002. They have also been prepared in accordance with the reporting requirement of Euronext Dublin for closed – ended Funds.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (CONT/D)

2 Significant accounting policies (contd)

Statement of Compliance (cont/d)

The condensed interim financial statements do not contain all of the information and disclosures required in the full annual audited financial statements and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

The accounting policies, presentation and methods of calculation applied by the Company in these condensed interim unaudited financial statements are consistent with those applied by the Company in its financial statements for the year ended 31 December 2018.

a) Basis of preparation

The financial statements are presented in US Dollars. The functional currency of the Company is the US Dollar, reflecting the fact that all subscriptions received were denominated in US Dollars. The financial statements are prepared on a fair value basis for financial assets at fair value through profit or loss. Other financial assets and liabilities are stated at amortised cost.

The accounting policies have been applied consistently by the Company to both periods presented in the financial statements.

Going Concern:

The financial statements have been prepared on a going concern basis.

Accounting estimates and judgments

The preparation of the financial statements, in accordance with IFRS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Actual results could differ from those estimates.

In preparing these condensed interim financial statements, the significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at year ended 31 December 2018.

IFRS 9 "Financial Instruments" ("IFRS 9") replaced the provisions of IAS 39 that relate to the recognition, classification and measurement of financial instruments, including derecognition and impairment of such financial instruments. The Directors have determined that in order for the financial statements to give a true and fair view it is necessary to fair value all financial instruments through profit or loss as permitted by IFRS 9 since all financial instruments are managed on a fair value basis. Therefore financial instrument classification remains consistent with the policies of the most recent annual audited financial statements.

b) New accounting standards, amendments and interpretations

New standards, amendments and interpretations issued and effective for the financial period beginning 1 January 2019

IFRIC 23 "Uncertainty over Income Tax Treatments" was issued in June 2017 and became effective for periods beginning on or after 1 January 2019. It clarifies the accounting for uncertainties in income taxes which is applied to the determination of taxable profits (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments in accordance with IAS 12. It clarifies that the Company should consider whether tax treatments should be considered independently or collectively, whether the relevant tax authority will or will not accept each tax treatment and, the requirement to reassess its judgements and estimates if facts and circumstances change.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (CONT/D)

2 Significant accounting policies (contd)

b) New accounting standards, amendments and interpretations (cont/d)

New standards, amendments and interpretations issued and effective for the financial period beginning 1 January 2019 (cont/d)

The application of IFRIC 23 has not had a significant effect on the Company's financial position, performance or disclosures in its financial statements.

IFRS 16 "Leases" was issued in January 2016 and became effective for periods beginning on or after 1 January 2019. The application of IFRS 16 has not had a significant impact on the Company's financial position, performance or disclosures in its financial statements.

New standards, amendments and interpretations issued but not effective for the financial period beginning 1 January 2019 and not early adopted

IFRS 17 "Insurance Contracts" was issued in May 2017 and will become effective for accounting periods beginning on or after 1 January 2021. It applies to: insurance contracts, including reinsurance contracts, issued by an entity; reinsurance contracts held by an entity; and investment contracts with discretionary participation features issued by an entity that issues insurance contracts. An insurance contract is defined as 'a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder'. The new standard is not expected to have a significant impact on the Company's financial position, performance or disclosures in its financial statements.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Company.

3 Operating expenses	Notes	30/06/2019 US\$	30/06/2018 US\$
Investment Manager			
Investment Management fee	8	(598,397)	(1,181,552)
Performance fee	8	-	(111,401)
		<u>(598,397)</u>	<u>(1,292,953)</u>
Custodian			
Custodian fees	8	(110,204)	(141,716)
		<u>(110,204)</u>	<u>(141,716)</u>
Administrator			
Administration fees		(95,291)	(122,152)
Transfer Agency fees		(3,000)	(3,000)
		<u>(98,291)</u>	<u>(125,152)</u>
Other expenses			
Directors' fees	4,8	(75,000)	(74,996)
Directors' insurance*		(15,649)	(13,850)
Professional fees*		(192,959)	(114,985)
Audit fee		(30,000)	(33,778)
Miscellaneous expenses*		(974)	(10,357)
		<u>(314,582)</u>	<u>(247,966)</u>
Total Operating Expenses		<u><u>(1,121,474)</u></u>	<u><u>(1,807,787)</u></u>

*Certain reclassifications have been made to previously reported amount to conform to current year presentation.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (CONT/D)

4 Directors' Remuneration

The Board determines the fees payable to each Director. The maximum remuneration is US\$75,000 per Director per annum. The Directors' fees have been set at US\$50,000 per annum per Director (2018: US\$50,000). Total Directors' fees paid by the Company for the period ended 30 June 2019 were US\$75,000 (30 June 2018: US\$75,000).

5 Cash and cash equivalents	30/06/2019	31/12/2018
	US\$	US\$
Cash and bank balances	1,272,160	273,266
	1,272,160	273,266

All cash and bank balances are held with the Custodian, whose parent State Street Corporation has a Standard & Poor's short-term credit rating of A (31 December 2018: A) and the sub-custodian HSBC Bank (Vietnam) Limited whose parent HSBC Holdings plc had a Standard & Poor's short-term rating of AA- as at 30 June 2019 (31 December 2018: AA-).

6 Accounts payable	30/06/2019	31/12/2018
	US\$	US\$
Accrued Investment Management Fee**	(83,646)	(158,205)
Accrued Other Fees	(109,310)	(115,219)
	(192,956)	(273,424)

**Refer to Note 8 for details.

7 Share capital

Redeemable Participating Shares

On incorporation of the Company on 13 September 2006, the authorised share capital was US\$500,000,000 made up of 500,000,000 shares of a par value of US\$1.00 each, having the rights set out in the Articles. By virtue of an Ordinary Resolution of the Company passed on 19 December 2008 and with the sanction of an Order of the Grand Court of the Cayman Islands dated 31 July 2009, the authorised share capital was amended to US\$10,000,000 made up of 1,000,000,000 shares of a par value of US\$0.01 each. Consequently, and by virtue of a Special Resolution of the Company passed on 19 December 2008 and with the sanction of an Order of the Grand Court of the Cayman Islands dated 31 July 2009, the issued share capital of the Company was reduced from US\$486,931,392 made up of 486,931,392 shares of US\$1.00 each, to US\$4,869,314 made up of 486,931,392 shares of US\$0.01 each.

Following the restructuring of the share capital, which became effective on 1 January 2017, the Company's authorised share capital was amended to US\$10,000,000 made up of 2,000,000,000 shares of a par value of US\$0.005 each. The Directors initially designated three distinct share classes. For every share owned previously, shareholders who opted for the "Continuation Option" received 1 Continuation share (Class A) and 1 Private Equity Share (Class C), while shareholders who opted for the "Realisation Option" received 1 Realisation share (Class B), 1 Private Equity share (Class C).

Class A shares are open-ended while Class C shares are closed-ended. Class A shares and Class C shares have the same rights in relation to voting, dividends, return of share capital and other matters as set out in the Articles of Association. Class C shares of the Company are listed on Euronext Dublin.

The investment objectives of the Company are outlined in Note 1. The Company strives to invest its capital to purchase and sell investments that meet the Company's investment objectives while maintaining sufficient liquidity.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (CONT/D)

7 Share capital (cont/d)

Redeemable Participating Shares (cont/d)

Subject to the approval of the Irish stock exchange, Euronext Dublin, the Company may hold treasury shares through one of its seven wholly-owned special purpose vehicles as listed in Note 1, by way of a re-purchase of any issued shares. The Investment Manager has the sole discretion to direct the purchase or sale of such treasury shares of the Company where, in its discretion, it considers that there is a significant difference between the NAV per share and the trading price per share, but subject to certain conditions as detailed in the Private Offering Memorandum (“POM”).

As at 30 June 2019, the Company did not hold any treasury shares as part of its investment portfolio (31 December 2018: Nil). The Company does not intend to re-purchase its issued shares in future.

Share transactions during the period ended 30 June 2019:

	Class A shares	Class C shares
	30/06/2019	30/06/2019
Shares in issue at beginning of period	65,473,195	381,375,002
Shares issued during the period	21,055	-
Shares redeemed during the period	(4,471,791)	(49,578,745)
Shares in issue at end of period	61,022,459	331,796,257
Net Asset Value for holders of shares	US\$38,019,319	US\$86,512,918
Net Asset Value per share	US\$0.6230	US\$0.2607

Share transactions during the period ended 30 June 2018:

	Class A shares	Class C shares
	30/06/2018	30/06/2018
Shares in issue at beginning of period	97,870,204	423,750,000
Shares issued during the period	389,824	-
Shares redeemed during the period	(25,604,151)	-
Shares in issue at end of period	72,655,877	423,750,000
Net Asset Value for holders of shares	US\$48,568,208	US\$136,521,101
Net Asset Value per share	US\$0.6685	US\$0.3222

The Board’s policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to be able to meet liabilities as they fall due. The Board monitors the return on capital, which the Company defines as results from operating activities divided by total shareholders’ equity.

8 Significant Agreements

Custodian

The Company appointed the Custodian to the Company, pursuant to the Custodian Agreement dated 10 November 2006.

The Custodian fees are charged based on the NAV of the Company (not to exceed 18 basis points per annum) on a monthly basis in arrears as defined in the POM. The Custodian is also entitled to be reimbursed by the Company for all transaction costs attributable to the Company and incurred by the Custodian from time to time and any appropriately incurred third party fees and expenses, including fees of any sub-custodian appointed by the Custodian at market rates.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (CONT/D)

8 Significant Agreements (cont/d)

Administrator

The Company appointed the Administrator to the Company, pursuant to an agreement dated 10 November 2006. The Administration fee is billed and payable monthly based on the average monthly net assets. The current rates for the Administration fee are 9 basis points per annum for the first US\$100 million net assets, 8 basis points per annum for net assets between US\$100 and US\$300 million and 6 basis points per annum for net assets in excess of US\$300 million subject to a minimum monthly charge of US\$8,000 per SPE and a maximum fee of 12 bps per annum of the NAV of the Company.

Investment Manager

The Investment Management fees payable in respect of each share class are as follows:

Class A shares: 1.50% per annum of the NAV of the Class A Shares before any deduction of the management fee for that month and before deduction of any accrued performance fee.

Class C shares: 1.00% of the Class C shares NAV for 2018 and 0.50% of the Class C shares NAV for periods after 31 December 2018.

Performance Fees

The Company pays performance fees to the Investment Manager calculated by reference to the unaudited accounts of the Company. The calculation period covers the 12 months ended 31 December.

For each performance period, the performance fee in respect of each share class is as follows:

Class A shares: performance fee will be equal to 15% of the appreciation in the NAV of the share class above the High Water Mark (“HWM”) but only if such appreciation exceeds the Hurdle Rate of 8% per annum, and in each case will be payable on only the appreciation in the NAV above the HWM.

Class C shares: the Company will distribute any distributable cash flow (the excess of (i) cash and (ii) any amounts that are required to meet future expenses and obligations of the relevant portfolio), by way of a redemption of shares in the following priority and manner:

- a) First, 100 % to the shareholders until an amount equal to the NAV of each Class C share as at 1 January 2017 (the “Initial Subscription Date”), (the “Initial NAV”) has been paid.
- b) Then, 100 % to the shareholders until they have received an 8% annualised compounded return on the total NAV per share of Class C shares as at the Initial Subscription Date, adjusted for any distributions paid to Class C shareholders after the Initial Subscription date (the “Preferred Return”).
- c) Then, 100% to the Investment Manager until it has received an amount equal to the Relevant Percentage (as defined below) of the aggregate of the Preferred Return and this catch-up provision; and
- d) Thereafter, the Relevant Percentage to the Investment Manager and the balance to the holders of the Class C shares.

The aggregate amount distributable to the Investment Manager in accordance with c) and d) above is referred to as the Performance Fee.

The Relevant Percentage will be 20% if the performance fee in respect of Class C shares is payable during the first year following the Initial Subscription Date, reducing to 15% if it is payable during the second year and 10% if it is payable thereafter.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (CONT/D)

9 Taxation

There are no taxes on income or gains in the Cayman Islands and the Company has received an undertaking from the Governor in Council of the Cayman Islands, under the Tax Concessions Law (1999 Revision), exempting it from all local income, profits and capital taxes until 26 September 2026. Accordingly, no provision for income taxes payable in the Cayman Islands is included in these financial statements.

Dividend and interest income received by the Company may be subject to withholding tax imposed in the country of origin. The investment income and any associated withholding tax is recorded in the net gain on investments at fair value through profit or loss in the Statement of Comprehensive Income.

The financial statements assume that the tax consequences for the Company as a result of its investments held by the subsidiary companies in Vietnam will be as follows:

Dividends

The Company will not be subject to any additional corporate income tax in Vietnam on dividends the Company receives from the tax-paid profits of Vietnamese companies. Remittance of the dividends outside of Vietnam is also free of all taxes.

The Company receives dividends net of all taxes.

Interest

Effective March 1, 2012, non-resident institutions are subject to a 5% withholding tax rate on interest income received from corporate and government bonds and certificates of deposit, issued in Vietnam.

Disposals

The Company and its non-resident subsidiaries will be subject to a "deemed profits" tax in Vietnam when the Company's subsidiaries dispose of any listed securities, bonds or fund certificates of its investee companies. This tax is equivalent to 0.1% of the proceeds received from the transfer.

No relief is allowed for transaction costs and no allowance is taken for the cost of investments (i.e. the existence of actual profits is irrelevant). The tax is netted against the realised gains/(losses) as part of the 'net gain on investments at fair value through profit or loss' within the Statement of Comprehensive Income.

For investee companies where the Company invests in the legal/charter capital of limited liability companies or shares in private companies (e.g. certain private equity transactions), the Company will be subject to a "capital assignment" tax on any gain made when the Company sells or transfers this ownership interest or shares to another party. This tax has been charged at a rate of 20% from 1 January 2016 on the difference between the assignment proceeds and the original value of the assigned capital, less the transaction costs. The original value of the assigned capital is the actual capital amount which has been contributed by the transferor as at the assignment date, as supported by and based on accounting books and documents or the price at which the Company has acquired the shares.

Deferred Tax

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the reporting date. Provision is made at the rates expected to apply when the temporary differences reverse.

Temporary differences are differences between the carrying amount of an asset or liability in the Statement of Financial Position and its tax base.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (CONT/D)

9 Taxation (cont/d)

Deferred Tax (cont/d)

The deferred tax relates to investments held by the subsidiaries and is therefore disclosed in the Statement of Comprehensive Income in the net gain on investments at fair value through profit or loss and disclosed in the Statement of Financial Position in financial assets at fair value through profit and loss.

The deferred tax position as at 30 June 2019 was US\$7,186,536 (31 December 2018: US\$Nil). The movement is reflected in the Statement of Comprehensive Income.

10 Related Party Transactions

In accordance with IAS 24 'Related Party Disclosures', the following are the related parties and associated related party transactions of the Company for the period ended 30 June 2019.

Transactions with entities with significant influence;

For the period from 1 January 2019 to 30 June 2019, the Investment Manager earned an investment management fee of US\$598,397 (30 June 2018: US\$1,181,552) of which US\$83,646 was outstanding at the period end (31 December 2018: US\$158,205). In addition, for that period Duxton also earned a crystalized performance fee of US\$Nil (30 June 2018: US\$111,401) of which US\$Nil was outstanding at the period end (31 December 2018: US\$ Nil).

Duxton and its employees hold Class C shares which amount to 0.46% of the share capital of the Company at period end 30 June 2019 (31 December 2018: 0.45%).

Transactions with key management personnel;

The total fees earned by the independent Directors during the period were US\$75,000 (30 June 2018: US\$75,000).

Transactions with subsidiaries;

In accordance with the POM and the Articles of Association, the Company may structure any or all of its investments through wholly-owned subsidiaries which act as SPEs incorporated outside Vietnam. These subsidiaries as listed in Note 1 are managed by the Investment Manager.

11 Interests in other entities

Investment entity status

To adopt the amendment to IFRS 10 and to be exempt from preparing consolidated financial statements, the Company must meet the definition of an Investment Entity ("IE"). The Board has determined that the Company meets both the required criteria and typical characteristics of an IE.

The IFRS 12, "Disclosure of Interests in Other Entities", disclosures relate to the Company's involvement with:

- a) Unconsolidated special purpose entities as listed in Note 1.
- b) Structured entities interests held via SPEs.
- c) Associated companies interests held via the SPEs.

Interest in unconsolidated IE SPEs

At 30 June 2019, the Company had seven subsidiary entities as defined under IFRS 10 as listed in Note 1. These seven subsidiary entities are unconsolidated and are noted as financial assets at fair value through profit or loss in the Statement of Financial Position.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (CONT/D)

11 Interests in other entities (cont/d)

Interests in non-subsidiary unconsolidated structured entities

The Board has concluded that the Company had no directly held unconsolidated structured entities. However, the Company holds all of its investments through wholly owned subsidiary companies which are SPEs incorporated outside of Vietnam. This structured entity interest forms part of the SPEs fair value that is reflected in financial assets at fair value through profit or loss in the Company's Statement of Financial Position.

Interests in associated companies

The Company has concluded that it has two investments in associated companies, held via the SPEs. These associated company interests form part of the SPE's fair value that is reflected in the financial assets at fair value in the Company's Statement of Financial Position. The Investment Manager is represented on the board of directors of these two associated companies and has therefore determined that the Company holds significant influence over these associated companies.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (CONT/D)

11 Interests in other entities (cont/d)

Interests in unconsolidated IE SPEs as at 30 June 2019:

Structured Entity	Nature	Proportion of Ownership Interest Held	Company's holding in Fair Value (US\$)	% of Total Financial Assets at Fair Value through Profit or Loss	Maximum exposure to losses (US\$)
Epsom Limited	Wholly owned subsidiary	100%	39,742,137	30.42%	39,742,137
Lionel Hill Limited	Wholly owned subsidiary	100%	18,851,038	14.43%	18,851,038
Beira Limited	Wholly owned subsidiary	100%	38,092,101	29.16%	38,092,101
Prime Limited	Wholly owned subsidiary	100%	3,667,973	2.81%	3,667,973
Siglap Limited	Wholly owned subsidiary	100%	4,426,717	3.39%	4,426,717
Kallang Limited	Wholly owned subsidiary	100%	8,064,054	6.17%	8,064,054
Hephaestus Limited	Wholly owned subsidiary	100%	17,795,549	13.62%	17,795,549
Total			130,639,569	100.00%	130,639,569

Of the seven SPEs in operation and listed in Note 1, all were active at period ended 30 June 2019. Furthermore, there are no significant restrictions on the ability of the unconsolidated subsidiaries above to transfer funds or to repay loans or advances made to the unconsolidated subsidiary to the Company and there are no current commitments or intentions to provide financial or other support to the unconsolidated subsidiaries. All SPEs listed in the table above are incorporated in the Cayman Islands, having the purpose of acting as holding investments of the Company in Vietnam.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (CONT/D)

11 Interests in other entities (cont/d)

Interests in unconsolidated IE SPEs as at 31 December 2018:

Structured Entity	Nature	Proportion of Ownership Interest Held	Company's holding in Fair Value (US\$)	% of Total Financial Assets at Fair Value through Profit or Loss	Maximum exposure to losses (US\$)
Epsom Limited	Wholly owned subsidiary	100%	46,593,770	27.50%	46,593,770
Lionel Hill Limited	Wholly owned subsidiary	100%	21,010,178	12.40%	21,010,178
Beira Limited	Wholly owned subsidiary	100%	40,522,843	23.91%	40,522,843
Prime Limited	Wholly owned subsidiary	100%	6,064,281	3.58%	6,064,281
Siglap Limited	Wholly owned subsidiary	100%	8,416,371	4.97%	8,416,371
Kallang Limited	Wholly owned subsidiary	100%	22,397,998	13.22%	22,397,998
Hephaestus Limited	Wholly owned subsidiary	100%	24,434,466	14.42%	24,434,466
Total			169,439,907	100.00%	169,439,907

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (CONT/D)

11 Interests in other entities (cont/d)

Interests in unconsolidated structured entities as at 30 June 2019.

Structured Entity	Strategy	Company's holding in Fair Value (US\$)	% of Total Net Assets of Structured Entity held by the Company	% of Total Financial Assets at Fair Value through profit or Loss	Maximum exposure to losses (US\$)
Vietnam Enterprise Investments Limited	Listed Equity	236,020	0.02%	0.18%	236,020
Total		236,020		0.18%	236,020

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (CONT/D)

11 Interests in other entities (cont/d)

Interests in unconsolidated structured entities as at 31 December 2018.

The tables below details the interests in structured entities held by the Company through the SPEs, detailed in Note 1.

Structured Entity	Fund Strategy	Company's holding in Fair Value (US\$)	% of Total Net Assets of Structured Entity held by the Company	% of Total Financial Assets at Fair Value through profit or Loss	Maximum exposure to losses (US\$)
Vietnam Enterprise Investments Limited	Listed Equity	2,318,979	0.18%	1.37%	2,318,979
Total		2,318,979		1.37%	2,318,979

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (CONT/D)

11 Interests in other entities (cont/d)

Interests in associated companies as at 30 June 2019.

The table below details the interests in associated companies held by the Company through the SPEs detailed in Note 1.

Associated Company	Nature	Company's holding in Fair Value (US\$)	% of Total Net Assets of Associated Company held by the Company	% of Total Financial Assets at Fair Value through Profit or Loss	Maximum exposure to losses (US\$)
Anova Corporation	Common stock	8,740,051	7.77%	6.69%	8,740,051
Anova Corporation	Convertible bond	9,867,941	8.64%	7.55%	9,867,941
Corbyns International Limited	Convertible loan	16,266,443	33.20%	12.45%	16,266,443
Total		34,874,435		26.69%	34,874,435

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (CONT/D)

11 Interests in other entities (cont/d)

Interests in associated companies as at 31 December 2018.

The table below details the interests in associated companies held by the Company through the SPEs detailed in Note 1.

Associated Company	Nature	Company's holding in Fair Value (US\$)	% of Total Net Assets of Associated Company held by the Company	% of Total Financial Assets at Fair Value through Profit or Loss	Maximum exposure to losses (US\$)
Anova Corporation	Common stock	9,743,114	7.77%	5.75%	9,743,114
Anova Corporation	Convertible bond	11,132,541	8.64%	6.57%	11,132,541
Corbyns International Limited	Convertible loan	22,909,199	33.20%	13.52%	22,909,199
Total		43,784,854		25.84%	43,784,854

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (CONT/D)

12 Financial Instruments

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

Fair Value Information and hierarchy

This note describes the fair value measurement of the assets and liabilities of the Company and also the assets and liabilities the Company's wholly owned subsidiaries.

IFRS 13, "Fair value measurement", requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted prices for identical or similar instruments in markets that are considered less than active including securities priced using quotations received from brokers, whenever available and considered reliable; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation and instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (CONT/D)

12 Financial Instruments (cont/d)

Fair Value Information and Hierarchy (cont/d)

The following table analyses the fair value hierarchy within the Company's financial instruments measured at fair value at 30 June 2019:

Financial assets and liabilities at fair value through profit or loss	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total Fair Value US\$
Listed Equities	37,511,466	-	-	37,511,466
Unlisted Equities	-	-	53,466,144	53,466,144
Long Term Bonds	-	-	9,867,941	9,867,941
Convertible Loan	-	-	16,266,443	16,266,443
Total	37,511,466	-	79,600,528	117,111,994
Cash and cash equivalents	12,999,173	-	-	12,999,173
Other assets	-	528,402	-	528,402
Net financial assets at fair value through profit or loss	50,510,639	528,402	79,600,528	130,639,569
Financial assets and liabilities at amortised cost				
Cash and cash equivalents	1,272,160	-	-	1,272,160
Other liabilities	-	(192,956)	-	(192,956)
Deferred taxation	-	(7,186,536)	-	(7,186,536)
Net financial assets/(liabilities) at amortised cost	1,272,160	(7,379,492)	-	(6,107,332)
Total net assets	51,782,799	(6,851,090)	79,600,528	124,532,237

The Company's unconsolidated subsidiary undertakings (if any) are categorized as Level 3 as their prices are not quoted but their values are measured on the fair value of the underlying investments and other assets and liabilities including the deferred tax provision, held by these subsidiaries.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (CONT/D)

12 Financial Instruments (cont/d)

Fair Value Information and Hierarchy (cont/d)

The following table analyses the fair value hierarchy within the Company's financial instruments measured at fair value at 31 December 2018:

Financial assets and liabilities at fair value through profit or loss	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total Fair Value US\$
Listed Equities	62,718,355	-	-	62,718,355
Unlisted Equities	-	-	63,882,131	63,882,131
Convertible Bonds	-	-	14,116,934	14,116,934
Convertible Loan	-	-	22,909,199	22,909,199
Total	62,718,355	-	100,908,264	163,626,619
Cash and cash equivalents	4,614,559	-	-	4,614,559
Other assets	-	1,198,729	-	1,198,729
Net financial assets at fair value through profit or loss	67,332,914	1,198,729	100,908,264	169,439,907
Financial assets and liabilities at amortised cost				
Cash and cash equivalents	273,266	-	-	273,266
Other liabilities	-	(273,424)	-	(273,424)
Net financial assets at amortised cost	273,266	(273,424)	-	(158)
Total net assets	67,606,180	925,305	100,908,264	169,439,749

Transfers between levels of the fair value hierarchy are deemed to have occurred when the pricing source or methodology used to price an investment has changed which triggers a change in level as defined under IFRS 13. There were no transfers between the fair value hierarchy levels during the period ended 30 June 2019 and during the year ended 31 December 2018.

Level 3 Reconciliation

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 during the period ended 30 June 2019:

	Listed &Unlisted Equities US\$	Long Term Bonds US\$	Convertible Loan US\$	Total US\$
Opening Balance	63,882,131	14,116,934	22,909,199	100,908,264
Realised losses	-	(729,966)	-	(729,966)
Unrealised (losses)/gains	(10,415,987)	(1,264,599)	(6,642,756)	(18,323,342)
Purchases	-	-	-	-
Sales	-	(2,254,428)	-	(2,254,428)
Transfers out of Level 3	-	-	-	-
Transfers into Level 3	-	-	-	-
Closing Balance	53,466,144	9,867,941	16,266,443	79,600,528

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (CONT/D)

12 Financial Instruments (cont/d)

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 during the year ended 31 December 2018:

	Listed &Unlisted Equities US\$	Long Term Bonds US\$	Convertible Loan US\$	Total US\$
Opening Balance	56,324,157	12,575,424	22,315,851	91,215,432
Realised losses	-	-	-	-
Unrealised gains	4,171,398	1,541,510	143,348	5,856,256
Purchases	3,386,576	-	450,000	3,836,576
Sales	-	-	-	-
Transfers out of Level 3	-	-	-	-
Transfers into Level 3	-	-	-	-
Closing Balance	63,882,131	14,116,934	22,909,199	100,908,264

As at 30 June 2019, the Company held investments in five (Dec 2018: six) private companies in the form of a combination of illiquid common stock, convertible bonds and a convertible loan which are categorized as Level 3 investments under IFRS 13. The companies listed hereunder are valued in accordance with Article 101(d)(v) of the Articles on the basis of 30 June 2019 valuations provided by Grant Thornton (“GT”) as at 30 June 2019, which are based on information relating to these companies provided by the Investment Manager and approved by the Board.

The unobservable inputs and valuation methodologies applied by GT are consistent with those applied in the valuation for year end 31 December 2018.

Sensitivity Analysis of Unlisted Positions

Anova Corporation	– Convertible Bond & Equity Position
Corbyns International Limited	– Convertible Loan
GreenFeed Vietnam Corporation	– Equity Position
S.S.G. Group Joint Stock Company	– Equity Position
VTC Online Joint Stock Company	– Equity Position

Valuation of Equity Positions

In undertaking the valuation of equity investments, the market approach has been applied, specifically the comparable company analysis; and also the income approach, specifically the discounted cash flow method. In the market approach, a basket of listed comparable companies were selected and the median of their multiples calculated. This median multiple was then used to calculate the equity value of each investment. In the discounted cash flow method, the key unobservable inputs are the discount rate and the growth rate.

The range of assumptions used for the base case valuations are as follows:

30 June 2019:

- Discount rate: 12.19% to 12.59%
- Growth rate: 2%
- EV/EBITDA multiple: 7.11x to 12.21x

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (CONT/D)

12 Financial Instruments (cont/d)

Fair Value Information and Hierarchy (cont/d)

Valuation of Equity Positions (cont/d)

31 December 2018:

- Discount rate: 11.72% to 11.98%
- Growth rate: 2%
- EV/EBITDA multiple: 8.22x to 13.27x

In the sensitivity analysis, to calculate the equity value in the best/worst case scenarios, the following variances to the input variables have been applied where applicable to each position:

30 June 2019:

- Changes in the discount rate: +/- 5%
- Changes in the growth rate: +/- 0%
- Changes in EV/EBITDA multiple: +/- 5%

31 December 2018:

- Changes in the discount rate: +/- 5%
- Changes in the growth rate: +/- 0%
- Changes in EV/EBITDA multiple: +/- 5%

Bond and Convertible Bond Positions Valuation

The convertible bond carries with it a straight loan and an equity conversion option. As such valuation of convertible bond includes valuation of a straight bond and valuation of the option.

- The value of straight bond component is based on discounted cash flow method, where cash flows include principal and coupons, assumed to be paid at maturity date and discounted to present value at the current market lending rate. The key unobservable input is the discount rate.
- Value of equity conversion option component is determined using option pricing model - the Black-Scholes model. The key unobservable input is the volatility of the underlying stock price.
- For the purpose of input into Option pricing model, valuation of the underlying equity is also performed, i.e. equity value of the company, using market approach and discounted cash flow method, based on financial forecasts of the underlying business.

The range of assumptions used for the base case valuations are as follows:

30 June 2019:

- Volatility: 38.78% to 39.50% - Sensitivity: +/-10%

31 December 2018:

- Volatility: 37.13% to 39.50% - Sensitivity: +/-10%

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (CONT/D)

12 Financial Instruments (cont/d)

Fair Value Information and Hierarchy (cont/d)

Summary of valuation methodologies

The valuation methodologies for each Level 3 holding as at 30 June 2019 and 31 December 2018 are set out hereunder:

Greenfeed: income approach and market approach for equity.

Anova: income approach and market approach for equity and Black-Scholes model for convertible bond.

VTC Online: value from exercising the put option to sell the shares back to the company.

Corbyns International Ltd: amount to be received at maturity date on 30 September 2019.

SSG Group: income approach to value SSG's investment in subsidiaries and associates, and market approach for equity.

13 Segmental Reporting

IFRS 8 'Operating Segments' requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

The Investment Manager is considered to be the Chief Operating Decision Maker (CODM) for the purposes of IFRS 8.

The Investment Manager is responsible for decisions in relation to both asset allocation, asset selection and any Segregated Fund Manager delegation. The Investment Manager has been given authority to act on behalf of the Company, including the authority to purchase and sell securities and other investments on behalf of the Company and to carry out other actions as appropriate to give effect thereto.

Any changes to the investment strategy outside of the POM must be approved by the Board and then the Company's shareholders in accordance with the terms of the POM and the Articles of Association.

The Company operates a single operating segment under IFRS 8 with all cash and investment holdings being managed at a Company level. The Investment Manager has full responsibility for the investment of cash for the Company. In addition to cash, there are four separate asset classes namely listed securities, unlisted securities, fixed income securities and collective investment schemes.

However, the allocation of resources is based on an analysis of future market expectations by the Investment Manager rather than the past performance of the asset classes. The Investment Manager can further delegate the investment management responsibility for an amount of cash to a Segregated Fund Manager, if required. No Segregated Fund Manager was appointed during the period ended 30 June 2019.

The investments are allocated across five separate asset types namely collective investment schemes, listed securities, unlisted securities, fixed income securities and cash and the income earned from these investments is reflected in the Statement of Comprehensive Income. The Company has a diversified portfolio of underlying investments and no single investment accounts for more than 20% of the Company's net assets.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (CONT/D)

14 Commitments

There were no commitments to investments as at 30 June 2019 or 31 December 2018.

15 Significant events during the period

Total Class A subscriptions received during the six months ended 30 June 2019 amounted to US\$21,055 and total Class A redemptions paid during the same period amounted to US\$2,852,011.

On 23 May 2019, the Company conducted a Class C redemption. The redemption price of USD 0.3375 per share was based on the net asset value of Vietnam Phoenix Fund Class C shares as at 31 March 2019. The shares outstanding before and after the redemption exercise were as follows:

	Before redemption	After redemption	Total shares redeemed	Redemption Proceeds US\$
Shares Outstanding	381,375,002	331,796,257	49,578,745	16,732,826

For more detailed information on these events, please refer to the announcements on the Irish Stock Exchange by the Company's Board of Directors. Links to the announcements can also be found on the Company's website www.vietnamphoenixfund.com.

16 Significant events after the period end

The Company's interest in Greenfeed Vietnam Corporation was sold back to the Sponsor for gross proceeds of VND 930 billion. Estimated tax payable is VND 149 billion, resulting in estimated net proceeds of VND 781 billion.

17 Approval of the financial statements

The financial statements were approved by the Board on 27 September 2019.

VIETNAM PHOENIX FUND LIMITED

OTHER INFORMATION

Registered Office

DMS House,
20 Genesis Close,
P.O. Box 1344,
Grand Cayman KY1-1108,
Cayman Islands

Directors

Kevin A Phillip (independent)
Judd Kinne (independent)
Martin Adams (independent)
All Directors are non-executive

Investment Manager

Duxton Asset Management Pte Ltd.,
8 Eu Tong Sen St,
The Central, #23-89
Singapore 059818

Custodian

State Street Custodial Services (Ireland) Limited,
78 Sir John Rogerson's Quay,
Dublin 2,
Ireland

Sub-Custodian

HSBC Bank (Vietnam) Limited,
New World Hotel Building,
75 Pham Hong Thai,
District 1,
Ho Chi Minh City,
Vietnam

Administrator, Registrar and Transfer Agent

State Street Fund Services (Ireland) Limited,
78 Sir John Rogerson's Quay,
Dublin 2,
Ireland

Auditors

KPMG
P.O. Box 493
SIX Cricket Square
Grand Cayman, KY1 - 1106
Cayman Islands

Irish Listing Agent and Irish Paying Agent

Matheson,
70 Sir John Rogerson's Quay,
Dublin 2,
Ireland

Dealing Enquiries

Duxton Asset Management Pte Ltd.,
8 Eu Tong Sen St,
The Central, #23-89
Singapore 059818

Company Secretary

DMS Corporate Services Ltd.,
DMS House,
20 Genesis Close,
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Cayman Islands

Legal Advisor to the Company on Cayman Islands Law

Ogier,
89 Nexus Way,
Camana Bay,
Grand Cayman, KY1-9009
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Legal Advisor to the Company on Irish Law

Matheson,
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Dublin 2,
Ireland

VIETNAM PHOENIX FUND LIMITED

SUPPLEMENTAL INFORMATION TO THE CONDENSED FINANCIAL STATEMENTS

Seasonal or cyclical changes

The Company is not subject to seasonal or cyclical changes.

Exchange rates

The period end exchange rates to USD are as follows:

		30/06/2019	31/12/2018	30/06/2018
EUR	Euro	0.8781	0.8748	0.8565
GBP	British Pound	0.7857	0.7852	0.7574
VND	Vietnamese Dong	23,305.0000	23,195.0000	22,958.5000