Vietnam Phoenix Fund Limited
(formerly DWS Vietnam Fund Limited)
Annual Report and Audited Financial Statements
for the year ended
31 December 2016

VIETNAM PHOENIX FUND LIMITED

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VIETNAM PHOENIX FUND LIMITED

GENERAL INFORMATION

The following information is derived from and should be read in conjunction with the full text and definitions section of the Prospectus of DWS Vietnam Fund Limited (the "Prospectus"), dated 20 February 2007 and the Private Offering Memorandum of Vietnam Phoenix Fund Limited, dated January 2017, 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@duxton.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 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 or their business in Vietnam.

The Company is a closed-end investment company, as at 31 December 2016 with 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 year end 31 December 2016. The Company is listed on the Irish Stock Exchange. As of 1 January 2017, only Class C shares of the Company are listed on the Irish Stock Exchange.

The Company's assets are managed by Duxton Asset Management Pte Ltd (the "Investment Manager") as detailed below and are subject to the supervision of the Board. All investments made on behalf of the Company, whether by the Investment Manager or by a Segregated Fund Manager, 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.

The Directors who held office during the year ended 31 December 2016 or who have been appointed since year end are:

Kevin A Phillip (independent)
Judd Kinne (independent) (appointed 19 February 2016)
Martin Adams (independent) (appointed 19 February 2016)
Jason Fitzgerald (independent) (until 30 September 2016)

INVESTMENT MANAGEMENT ARRANGEMENTS

As announced on 18 May 2016, the Company received notice from Deutsche Asset Management (Asia) Limited ("DeAM Asia") of its resignation as the Company's Investment Manager with effect from 30 September 2016. DeAM Asia had been the Company's Investment Manager pursuant to the Investment Management Agreement ("IMA"), dated 15 November 2006, as amended and restated on 14 February 2007 and 30 April 2009.

The Board appointed Duxton Asset Management Pte Ltd ("Duxton") as Investment Manager with effect from 1 October 2016 on substantially the same terms as DeAM Asia's appointment save for the changes to the Investment Manager's fee and performance fee as detailed in Note 10. The Investment Manager makes investment decisions based on its knowledge of Vietnamese securities and investment market in accordance with the investment policies, objectives and restrictions of the Company.

Prior to Duxton's appointment as Investment Manager on 1 October 2016, DeAM Asia had delegated certain of its investment management duties to Duxton (previously, the "sub-Investment Manager"). The agreement between DeAM Asia and Duxton terminated automatically on the resignation of DeAM Asia on 30 September 2016.

GENERAL INFORMATION (CONT/D)

INVESTMENT MANAGEMENT ARRANGEMENTS (CONT/D)

Duxton is a specialist asset manager licensed by the Monetary Authority of Singapore. There has been no material change in the personnel responsible for the management of the assets of the Company as the key staff of Duxton who carry out the investment management duties are former employees of DeAM Asia, including the core team previously responsible for the management of the Company's investments.

DeAM Asia had appointed a Segregated Fund Manager, PXP Vietnam Asset Management Limited ("PXP") to manage certain segregated funds of the Company pursuant to the segregated fund mandate detailed in the Prospectus. PXP's role as Segregated Fund Manager ceased on 31 December 2016.

CUSTODIAN

The Company has appointed State Street Custodial Services (Ireland) Limited (the "Custodian") as custodian of its assets, 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 assets located in Vietnam and the other jurisdictions are held with a sub-custodian in the local market. The sub-custodian used by the Company is HSBC Bank (Vietnam) Limited. The Custodian and any sub-custodian appointed by the Custodian provides safe custody for the Company's assets that can be legally held outside of Vietnam. 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 other sub-custodian duly appointed by the Custodian) hold 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 pursuant to an agreement dated 10 November 2006.

LEGAL ADVISOR

The legal advisor to the Company on Cayman Islands Law is Ogier.

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 Directors to pay dividends to the Shareholders.

SHARES

The shares constitute the only class of shares in the Company as at 31 December 2016. All 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 shares are listed on the Irish Stock Exchange. As detailed in Note 18 and Note 19, at an Extraordinary General Meeting of the Company held on 22 December 2016, the shareholders approved a restructuring of the Company, which was executed in January 2017.

GENERAL INFORMATION (CONT/D)

SHARES (CONT/D)

Following the restructuring, which became effective on 1 January 2017, the Company's share capital was split into 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) and 1 Private Equity share (Class C).

AIFMD

The Board confirms that it 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 is not marketed in Europe and has been closed to new applications since 2007 there is no significant impact to the Company as a consequence of AIFMD and therefore there is no impact on the financial statements.

ANNUAL GENERAL MEETING

In accordance with the Prospectus, the Company holds an annual general meeting each year. At the annual general meeting of the Company, held on 30 September 2016 a resolution was proposed to wind up the Company, which if passed would have resulted in the orderly winding up of the Company. The resolution was not passed. However, Shareholders approved in principle a restructuring of the Company as detailed in Note 18 and Note 19, and it was resolved to change the name of the Company to Vietnam Phoenix Fund Limited.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors (the "Board" or the "Directors") is responsible for preparing the consolidated financial statements (the "financial statements")**.**

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) ("EU IFRS"); and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Under the requirements of the Listing Rules issued by the Irish Stock Exchange, the Directors are responsible for preparing a Management Report. In particular, in accordance with the Transparency Directive (2004/109/EC) Regulations 2007 (S.I. No. 277 of 2007), (the "Regulations"), the Directors are required to include in this report a fair review of the business and a description of the principal risks and uncertainties facing the Company and a responsibility statement relating to these and other matters, included below. The Board considers that the information required to be included in their Management Report, is included in the Investment Manager's Report on pages 9 to 30 and Notes 14 and 18 of the financial statements.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with EU IFRS and Article 4 of the International Accounting Standards (IAS) Regulation (1606/2002). They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

IFRS 10 'Consolidated Financial Statements' and its subsequent amendment relating to Investment Entities ("IE") has been applicable for periods commencing 1 January 2014. The Board has concluded that, under those requirements, the Company qualifies as an IE and is now required to carry its IE subsidiaries at fair value through profit or loss instead of consolidating them. The Company continues to consolidate one non-IE subsidiary, Teignmouth Limited, as that subsidiary only holds treasury shares on behalf of the Company. This revised accounting method was first applied in 2014.

Financial statements: risk management and internal control

The Board is responsible for establishing and maintaining for the Company, adequate internal control and risk management systems in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of error or fraud in achieving the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has procedures in place to ensure that all relevant books of account are properly maintained and are readily available, including the procedures for the production of audited annual financial statements. The Board has appointed the Administrator to maintain the books and records of the Company. From time to time, the Board examines and evaluates the Administrator's financial accounting and reporting routines. The annual and semi-annual financial statements are produced by the Administrator and reviewed by the Investment Manager. The annual and semi-annual financial statements are required to be approved by the Board and filed with the Irish Stock Exchange ("ISE").

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS (CONT/D)

During the period of these financial statements, the Board was responsible for the review and approval of the annual financial statements as set out in the Statement of Directors' Responsibilities. The financial statements are required to be audited by independent auditors who report annually to the Board on their findings. The Board monitors and evaluates the independent auditor's performance, qualification and independence. As part of its review procedures the Directors receive presentations from relevant parties including consideration of developments in international accounting standards and their impact on the annual financial statements, and presentations and reports on the audit process. The Board evaluates and discusses significant accounting and reporting issues as the need arises.

The Administrator prepares the valuations for the Company at each valuation point that fair values the IE subsidiaries but consolidates the non-IE subsidiary that holds the treasury shares.

Each valuation of the Company is reviewed in accordance with standard operating procedures of the Administrator. This includes reliance on valuations of private equity investments carried out by Grant Thornton Vietnam as at 31 December 2016. The financial statements are prepared by the Administrator in accordance with EU IFRS and the Administrator uses various internal controls and checklists to ensure the financial statements include complete and appropriate disclosures required under EU IFRS and relevant legislation.

In addition, the valuation as prepared by the Administrator is reconciled by the Investment Manager to their own independent records for completeness and accuracy and further reviewed and approved by the Investment Manager.

Responsibility Statement, in accordance with the Transparency Regulations

Each of the Directors, whose names and functions are listed on page 72 in the 'Other Information' section of this report confirm that, to the best of each person's knowledge and belief:

- the Consolidated financial statements, prepared in accordance with EU IFRS, give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2016 and its statement of comprehensive income for the year then ended;
- the Investment Manager's Report contained in the Annual Report and note 18 of the financial statements includes a fair review of the development and performance of the business and the position of the Company. A description of the principal risks and uncertainties that the Company faces is provided within the Investment Manager Report on pages 9 to 30 and Note 14 of the financial statements.

On behalf of the Board of Directors

Phillip

Director - Kevin Phillip

Date: **25 April 2017**

KPMG
Audit
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5
Ireland

Independent auditor's report to the members of Vietnam Phoenix Fund Limited

We have audited the consolidated financial statements ("financial statements") of Vietnam Phoenix Fund Limited (the "Company") for the year ended 31 December 2016 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union. Our audit was conducted in accordance with International Standards on Auditing (ISAs) (UK & Ireland).

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2016 and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with IFRS as adopted by the European Union.

2 We have nothing to report in respect of matters on which we are required to report by exception

ISAs (UK & Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

Basis of our report, responsibilities and restrictions on use

As explained more fully in the Statement of Directors' Responsibilities set out on pages 5 and 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group and Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

KPMG

Independent auditor's report to the members of Vietnam Phoenix Fund Limited (Continued)

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

Our report is made solely to the Company's members, as a body. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Colm Clifford
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
IFSC
Dublin 1
Ireland

25 *April 2017*

NAV Update

The Net Asset Value ("NAV") per share of the Vietnam Phoenix Fund Limited (the "Company") as of 31 December 2016 was USD 0.8772, up 18.59% from USD 0.7397 as of 31 December 2015.

Fund Restructuring Update

Readers of this report should be aware of the Company's restructuring which was approved by shareholders at its Extraordinary General Meeting on 22 December 2016 and implemented in January 2017. Following the restructuring, the Company's share capital was split into 3 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) and 1 Private Equity share (Class C). More details regarding the restructuring are provided in Note 18 and Note 19 to the financial statements. This investment manager's report covers the period from 31 December 2015 to 31 December 2016 before the Company's restructuring.

Fund Exposure and Performance

The gross returns of each asset class are summarized in the table below and discussed in detail in the following sections.

Asset Class	Exposure on 31 December 2016	2016 Performance
Listed Equities	53.28%	25.60%
Unlisted Equities	33.35%	28.03%
Offshore Collective Investment Schemes	9.16%	24.84%
Fixed Income	0.00%	1.33%
Cash and other net assets (includes liabilities)	4.21%	-

Sector exposure – 31 December 2016[1]	Total
Food Products	36.91%
Building Materials	14.46%
Real Estate Management and Development	14.11%
Information Technology	8.29%
Metals and Mining	6.45%
Consumer Discretionary	5.55%
Pharmaceuticals	4.16%
Banks	3.81%
Containers and Packaging	2.27%
Marine	1.71%
Diversified Financials	0.88%
Energy Equipment and Services	0.64%
Chemicals	0.46%
Other	0.30%
Total	**100.00%**

*Peer Group Analysis***

At the end of December 2016, the Company's indicative share price was at USD 0.6950, up 26.26% from USD 0.5779 at the end of December 2015.

In terms of price change and NAV change, Vietnam Phoenix Fund outperformed the peer average within the Vietnam investment fund universe, with the exception of Vietnam Opportunity Fund and Dragon Capital's Vietnam Enterprise Investments Limited. It also significantly outperformed the two Vietnam ETFs.

The discount of the secondary market share price to the NAV for the Company continued to narrow to 21% at the end of December 2016 (22% at the end of 2015, 32% at the end of 2014). The average discount to NAV of the peer group increased from 14% at the end of 2015 to 19% at the end of 2016.

[1] Excluding Fixed Income, Offshore Collective Investment Schemes and Cash

VIETNAM PHOENIX FUND LIMITED

INVESTMENT MANAGER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Peer group ^ **	Fund size USD mn	Fund Strategy	NAV Dec 2016	NAV Change 1Y	Discount to NAV Dec 2016	Mid Price (Indicative) 31-Dec-2015	Mid Price (Indicative) 31-Dec-2016	Price Change YoY
Vietnam Phoenix Fund	**371.7**	**Multi asset class balanced fund**	**0.8772**	**18.59%**	**-21%**	**0.58**	**0.70**	**20.26%**
VinaCapital VOF	863.7	Multi asset class balanced fund	4.17	28.78%	**-19%**	2.39	3.37	41.09%
PXP Vietnam Emerging Equity	124.2	Primarily listed equity	7.29	11.62%	**N.A.**	6.25	N.A.	N.A.
VEIL Dragon Capital	974.3	Primarily listed equity, small allocation to OTC equity	4.41	22.84%	**-17%**	2.94	3.65	24.27%
Vietnam Equity Holdings	38.2	Primarily listed equity, small allocation to OTC equity	4.07	5.60%	**-21%**	2.85	3.21	12.68%
Vietnam Holding Ltd	145.9	Primarily listed equity, small allocation to OTC equity	2.65	18.78%	**-16%**	1.92	2.22	15.78%
Market Vectors Vietnam	257.6	ETF	12.97	-12.24%	**N.A.**	14.77	13.03	-11.81%
DB x-trackers Vietnam	252.4	ETF	21.12	-7.50%	**N.A.**	22.41	21.84	-2.57%
AVERAGE				10.81%	-19%			14.24%
VNINDEX (USD)			0.02920	13.40%				
VHINDEX (USD)			0.00352	-1.12%				

^ NAV quoted from Fund website/Bloomberg

** Mid price averaged between JCEF, LFCR and Bloomberg

*** - The peer group analysis was performed using the information received from multiple sources; mainly from the member fund's published data. Quotes from NUMI (CTRB Numis Securities Country Funds) and JCEF (Jefferies Funds) were used when public prices were not available. However, investors should note that the secondary markets for closed-end funds, such as these companies, are not very transparent. There may be several market makers for each fund, but price quotes from these market makers may not be publicly recorded or available. Therefore, the analysis presented in this section is only indicative. Also, when analysing the performance of a fund relative to its peers, one needs to be mindful of the different fund strategies across the funds. The Vietnam Phoenix Fund Limited is a multi asset class fund where we look to find opportunities across the economic landscape of Vietnam rather than limiting ourselves solely to the listed equities. Also, this universe of peers may not be complete due to insufficient data of other funds.*

Performance Commentary

The largest listed and other asset classes of the Company as of 31 December 2016 are as follows:

Top 5 Onshore Listed Holdings

Rank	Security Name	Market Value (USD)	% of Fund
1	Vinamilk	54,919,026	14.78%
2	Hoa Phat Group	20,125,658	5.41%
3	Hoa Sen Group	17,323,911	4.66%
4	FPT Corp	16,483,811	4.43%
5	Bank For Foreign Trade JSC	7,981,923	2.15%
	Total	**116,834,329**	**31.43%**

Top 5 Other Holdings				
Rank	**Security Name**	**Asset Class**	**Market Value (USD)**	**% of Fund**
1	Greenfeed	Unlisted	58,228,185	15.67%
2	Vietnam Enterprise Fund	OCIS[2]	32,862,098	8.84%
3	Anova Corp	Unlisted	19,720,685	5.30%
4	Corbyns International	Unlisted	19,681,827	5.29%
5	NBB Investment Corp	Unlisted	9,840,168	2.65%
	Total		**140,332,963**	**37.75%**

1. Listed Equities (Onshore and Offshore) performance

The Company's exposure to listed equities was 53.28% as of 31 December 2016, representing the largest asset class of the Company. The listed portfolio returned 25.60% in 2016, outperforming the VNIndex by 12.2 absolute percentage points (in USD terms). Blue chip stocks such as steel companies Hoa Sen Group (HSG) and Hoa Phat Group (HPG) along with Vinamilk (VNM) and Novaland (NVL) contributed the most to the portfolio's performance in 2016. Detractors include Vietnam's second largest bank BIDV and port operator Viconship (VSC).

The key philosophy of the Investment Manager is to seek long-term gains for investors. The Company is well-diversified across the key industries driving the Vietnamese economy. The following section provides an overview and a brief analysis on the Company's five largest listed equities holdings.

1.1. Vietnam Dairy Products JSC (VNM, +22.25%[3])

Vietnam Dairy Products (Vinamilk) is Vietnam's leading dairy producer. The company has a very wide product portfolio, mainly in dairy products, milk formula and baby food. It is also the consumer products company with the largest distribution network in Vietnam with 266 exclusive distributors, 224,000 points of sale and 74 self-branded shops. Its liquid milk business is the biggest segment in terms of both revenue and profits, followed by yoghurt, powdered milk and condensed milk. In 2016, according to Passport Euromonitor, Vinamilk maintained its market share in the drinking milk products and yoghurt/sour milk products segments despite fierce competition, and remains the leader in each segment with a 49% and 83% market share, respectively.

[2] Offshore Collective Investment Schemes

[3] Source: Bloomberg

Vinamilk possesses a modern production line with 13 factories and 9 cow farms around the country, containing nearly 14,000 cows. The cow herd however supplies only a minor portion of the input required, with the remainder coming from milk contracts with local dairy farmers and milk powder imports from Australia and New Zealand. Cattle development is the company's focus to secure supply of fresh milk material for production. VNM targets revenue of $3 billion and aims to feature among the top 50 dairy firms in the world by 2017. The company is still growing its export business to its traditional markets in the Middle East and South East Asia and is currently looking for new markets in Africa and Central America.

VNM released strong preliminary results for FY2016 with net sales of VND 46,794 billion, up 16.8% YoY, completing 103.7% of its sales target for the year. Gross margin in 2016 was 47.7%, significantly higher than 39.2% in 2015 due to increased sales volume in the domestic market, as well as low powdered milk input prices which remained depressed during the first half of the year. Selling expenses also increased to 23.0% of net sales (15.1% of net sales in 2015). This was significantly higher due to an accounting change where VNM reclassified some of its promotional expenses from COGS to selling expenses, on top of increased spending on marketing and promotion spending to fight competition and maintain its market share. Net profit increased 20.3% YoY in 2016 and net margin improved from 19.4% in 2015 to 20.0% in 2016.

In our global dairy research, Vinamilk appears to be one of the best run and most profitable dairy producers. Despite the competitive environment, VNM has proved to be capable of strategic and tactical actions to solidify its position as the leader in Vietnam's dairy market. Skim milk powder input prices are always an unknown, as Vinamilk is a price taker among others. Given the level of margin Vinamilk is earning, it is hard to expect further margin improvements. In 2017, catalysts for the stock will rely on volume growth in different markets as well as the State Capital Investment Corp (SCIC)'s divestment plan. The SCIC still holds close to 40% stake in VNM which it plans to fully divest from in the coming years, opening up more opportunities for private and public investors, and for foreign investors. Over the longer term, we expect the change in major ownership will result in further positive changes in the dynamics of the company's management and its prospects.

At the end of 2016, VNM traded at VND 125,600/share, equivalent to a 2017F P/E of 19.2x[4].

1.2. Hoa Phat Group (HPG, +75.31%[4])

Hoa Phat Group is one of the leading private industrial production groups and in 2016 has maintained its leading market share in the Vietnamese steel industry with an estimated 22.2% compared to 22.1% in 2015[5]. The company sells its products nationwide with steel products contributing to more than 80% of its total revenue. HPG's strengths lie in 1) its integrated production system, which allows it to produce at a lower cost and sell at a competitive price, and 2) its position in the northern market, which is far away and safe from the threat by its biggest competitors.

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[4] Source: Bloomberg

[5] Source: Company announcements according to the Vietnam Steel Association

HPG's preliminary results for 2016 saw net revenues of VND 33,283 billion, up 21.2% YoY and fulfilling 119% of management's target. Profit after tax reached VND 6,602 billion, up 99% YoY and fulfilling 206% of the full year target. HPG's construction steel sales volume reached 1,800k tons, achieving 110% of the year's target and an increase of more than 30% over the same period last year. Sales volume of steel pipe reached almost 500k tons, up 66% YoY. The company's export sales also grew nearly 50% YoY with an annual output of 52,000 tons. The top line growth was mainly driven by higher sales volume as well as the contribution from the animal feed segment. Meanwhile the bottom line surged from improvements in gross profit margin, thanks to the recovery in average selling price and cheap input material.

2016 was an eventful year for HPG's agricultural business segment, with the company launching its first animal feed factory in Hung Yen in April and began selling in-house products from June. Its second factory based in Dong Nai started construction in Q4-2015 and was to be launched by the end of 2016, however this has been delayed to next year. HPG is planning to construct a third animal feed factory in Phu Tho in March 2017, adding another 300,000 tons/annum and bringing total production capacity of all three factories to 900,000 tons/annum. The company also began importing hogs and cattle to kick-start their farming business of importing livestock, fattening them and selling to meat processing mills.

Looking forward, we expect HPG to witness continued volume growth in construction steel, as the company builds more steel plants such as the iron and steel complex in the Dung Quat Economic Zone and its third plant in Phu Tho province to serve the North-western region. The real estate business will also construct two big projects in 2017 – the Yen Mai Industrial Park and Pho Noi New Urban Area in the North to serve the growing demand for residential housing in industrial zones. HPG's animal feed production has also been put into operation and is preparing to complete its second factory in Long Khanh in Dong Nai province which will have a capacity of 300,000 tons per year.

At the end of 2016, HPG had a price of VND 43,150 and traded at a 2017 P/E of 6.1x[6], which is still low for an industry leader and blue-chip stock.

1.3. Hoa Sen Group (HSG, +158.54%[6])

Hoa Sen Group (HSG) is a one of Vietnam's leading steel producers. In 2016, steel sheet represented 70% of revenue, followed by steel pipe (28% of revenue), plastic (2% of revenue) and other products. HSG also derives a significant proportion of its revenue from export sales (35% of revenue). Among the Vietnamese steel companies, HSG possesses the strongest sales network with 250 retail branches and 6 base depots at the end of 2016. They also have an on-site sales force and machines for end-product customization. HSG aims to open 100+ new branches per year to reach 500 branches by the end of 2018. In 2016, it held a 33.1% market share in galvanized steel sheets (ranked 1st) and 20.3% market share in steel pipe (ranked 2nd behind Hoa Phat).

[6] Source: Bloomberg

HSG concluded the 2016 fiscal year, which ends on Sep 30th, with net revenues of VND 17,894 billion, up 2.4% YoY and surpassing the year's target by 25%. The growth in revenue was mainly driven by volume rather than price as HSG recorded 1,242k tons of finished goods, up 22% YoY and exceeding its target by 13%. This was enough to fully offset the 15.3% decline in ASP of its steel products. Meanwhile, net income reached VND 1,504 billion, up 130% and also surpassing the year's target of VND 655 billion. The surge in the bottom line was mainly driven by a significant improvement in the gross profit margin from 14.8% in 2015 to a record high of 23.4% in 2016. This was the result of better cost inventory management as the company managed to stock up raw materials in the beginning of the calendar year before prices started to recover. HSG's export sales reached VND 6,263 billion, declining 8.2% YoY.

HSG is also in the midst of increasing production capacity by constructing several new plants. In FY2017, the company will put into operation two new galvanized steel production lines in Nghe An (200,000 tons/yr) and Nhon Hoi (180,000 tons/yr) as well as two colour-coated steel production lines in the same steel plants with capacity of 45,000 tons/year and 120,000 tons/year, respectively. There will also be a plastic pipe production line in Ha Nam with capacity of 19,800 tons/year. This will bring the company's total production capacity for steel sheet to 2 million tons (+23.5% YoY), steel pipe to 615,600 tons, and plastic pipe to 73,800 tons (+37% YoY) by the end of FY2017.

Looking forward into 2017, the company has set a reasonable sales target with volume expected to reach 1,486k tons, a 20% YoY increase. Target revenue is expected to climb by 28.5% YoY in driven by the high volume growth target and anticipation of a recovery in average selling price. Net profit is expected to increase 9.7% YoY. The Vietnam Steel Association expects the domestic steel market to advance by 10-12% in 2017 and given the aggressive expansion of its distribution network and production capacity, HSG is in a good position to capitalise on this growth.

At the end of 2016, HSG traded at VND 50,900, equivalent to 2017 P/E of 5.8x[7], which is highly attractive for an industry leader and blue-chip stock.

1.4. FPT Corporation (FPT, +9.60%[7])

FPT is Vietnam's leading Information and Communication Technology (ICT) company with market-leading positions in its three main services: (1) Technology section (24.5% of FY2016 revenue) with Software production, system integration and IT services; (2) Telecommunication section (16.4% of revenue) with wide band Internet and Digital content; (3) Distributing and retail (53.9% of revenue). FPT also offers educational services (5.2% of revenue) through its privately owned FPT University, providing vocational training and undergraduate programs specializing in information technology.

FPT's software development business has exposure in 21 countries with 25 service delivery centres, providing software solutions in domains such as government, public finance, banking, education, healthcare and transportation. It is ranked number one in Vietnam in terms of IT services provision and infrastructure.

[7] Source: Bloomberg

Its telecommunications segment currently provides internet infrastructure coverage in 59 of the country's 63 cities and provinces. In 2016, the company expanded the number of retail outlets to 260 in a bid to compete with Mobile World JSC, an electronic goods retailer in Vietnam. However, it is planning to spin off its retail and distribution operations to focus on its core technology and telecommunications segments.

FPT released preliminary results for FY2016 with revenue reaching VND 40,545 billion, up 1.4% YoY and fulfilling 88% of management's full year target. Net profit reached VND 2,576 billion, up 6% YoY and fulfilling 82% of the full year target. The company's consolidated PBT margin remained almost constant from 7.5% in 2015 to 7.4% in 2016. In the Distribution and Retail sector, the retail segment continued to be a highlight in FY2016 with revenue up 35% YoY and PBT up 44% YoY. Meanwhile, the distribution business recorded a drop in revenue and profit due to changes in Apple's distribution policy - switching from distributing through wholesalers such as FPT to directly working with retailers, and Microsoft's closure of the Lumia phone business. The Telecom segment grew strongly with a 22% increase in revenue, while PBT grew 15%. Heavy CAPEX spending on expanding its optic fibre network started to decline, helping to reduce expenses and depreciation from this segment. Software outsourcing showed strong revenue growth of more than 26%, driven by both Japanese and European markets. Software solutions segment which focuses on developing markets such as Bangladesh and Cambodia was also successful, opening up more opportunities to win more contracts going forward.

Looking forward, Vietnam's IT infrastructure has lots of room to grow and internet penetration rate is still low at 52%[8] as of 2016. FPT also intends to sell a stake in its retail unit in the first quarter of 2017[9], allowing the company to focus on higher margin segments such as its technology and telecom segment.

At the end of 2016, FPT traded at VND 44,000, equivalent to 2017 P/E of 8.2x[10], which is quite attractive for a telecom/technology company. Although the foreign ownership ratio for the stock remained at the limit of 49%, the SCIC announced its intention to divest its entire 6% holdings in the coming years. Two of the company's subsidiaries, FPT Telecom and FPT Securities became listed companies in January 2017.

[8] Source: Internet Live Stats
[9] Source: Vietnam News
[10] Source: Bloomberg

1.5. Bank For Foreign Trade JSC or Vietcombank (VCB, +11.22%[11])

Vietcombank is Vietnam's largest listed State-owned commercial bank in terms of market capitalisation. The Bank operates a universal banking model across a wide range of financial services spanning retail, corporate and financial institutional clients, as well as investment banking, insurance and other financial services. VCB has more than 460 branches/transaction offices across the country employing more than 14,000 employees. The Bank maintains a BB- rating by Standard & Poor's, a B+ by Fitch with Stable outlook, and a first time rating of B1 by Moody's. The State Bank of Vietnam owns 77.1% of Vietcombank and its Japanese strategic investor Mizuho 15%, the remainder is owned by other foreign and domestic investors.

VCB released preliminary results for FY2016 with profit before tax of VND 8,212 billion, up 23.4% YoY, surpassing management's target by 9.5%. Credit growth came in at 18.9% YoY, reaching VND 460,323 billion thanks to strong growth in individual loans (+48.8%) and Small-Medium Enterprise (SME) loans (+39%), while corporate loans growth slowed to only 8.6% YoY. Deposit growth came in at 19.6% YoY, reaching VND 598,867 billion and surpassing management target of 15% growth. Deposits from SME recorded the highest growth among depositors at 51.3%, while growth from individuals and corporate were 18.6% and 15.5% respectively. The bank recorded VND 6,392 billion worth of provision expenses, up 5.3% YoY, of which VND 3,300 billion was against customer loans and VND 2,700 billion against Vietnam Asset Management Company (VAMC) bonds. This has allowed the bank to fully write down its VAMC bond balance. VCB is the first bank in Vietnam to finish booking VAMC loan provisions.

In 2017, we expect VCB to continue to grow at high double digit rates while net interest margin could experience an increase given higher growth of retail loans 40-50% and higher loan-to-deposit ratio. Meanwhile, provision expenses will stay flat as VCB will no longer book VAMC bond provisions in 2017, supporting net profit growth.

In our view, VCB is currently Vietnam's best performing bank. At the end of 2016, given its growth prospects and leader position, VCB traded at P/B of 2.6x, higher than its peer group average of 1.4x[11].

Outlook for Listed Equities

In 2017, we continue to expect domestic demand and consumption to drive Vietnam's economy, on the back of stable inflation and interest rates. We will continue to overweight the Consumer Products sector for this reason. We expect the sector to present a lot more opportunities for investors as consumer companies line up for listing on one of the stock exchanges. However, we will be selective in our stock-picking as 1) a significant portion of these companies are still State-owned and 2) these stocks tend to create excessive excitement over the first trading weeks.

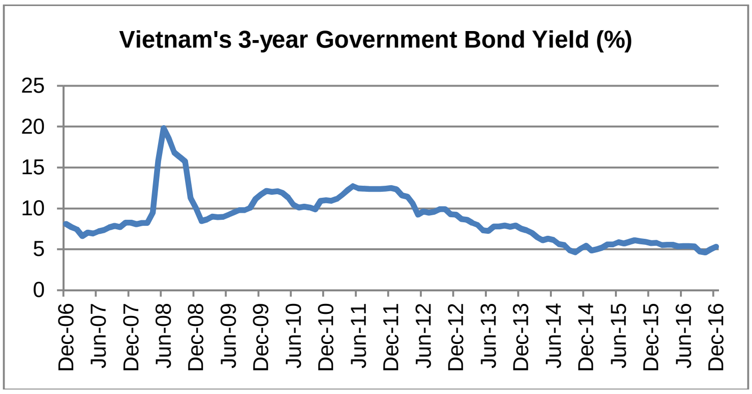
[11] Source: Bloomberg

The next sector we remain optimistic about is the Real Estate, Construction and related activities, as we continue to see growth and increased earnings. This includes construction material manufacturers (steel/cement), construction service providers and real estate developers in residential/commercial/ industrial/infrastructure space. We will be more selective in this sector as it is known to be cyclical and highly competitive. As the banking industry continues to grow and reshape itself, we remain cautious and will continue underweighting this sector.

Overall, we expect the Vietnamese stock market to carry on its structural developments in terms of access (foreign ownership limit expansion and liquidity improvements) and products (introduction of derivative markets). The new government is eager to push State divestment of non-core business as well as listing of partially State-owned companies, which creates more market depth to lure investors.

2. Fixed Income

In 2016, the yield on the benchmark 3-year Government bond declined slightly from 5.75% at the end of December 2015 to 5.30% at the end of December 2016, after having reached a low in October 2016[12].



At the end of December 2016, the Company had no positions in the Fixed Income portfolio. The Company's only fixed income security was a Vietnamese government sinking bond that reached maturity on 12 March 2016.

3. Unlisted Equities Investments

As of 31 December 2016, unlisted investments constituted 33.35% of the Company's Net Asset Value.

The unlisted equities portfolio returned 28.03% in 2016, positively impacted by the quarterly revaluation of private equity (PE) investments. The Company's PE investments were revalued by the Global Valuation Group (GVG) of Deutsche Bank AG Singapore, on a quarterly basis. In September 2016, Deutsche Asset Management Asia (DeAM Asia) resigned as the Investment Manager of the Company and Duxton Asset Management (Duxton) was appointed as the new Investment Manager. Following this event, the Company engaged Grant Thornton Vietnam (GT) to carry out the valuation of the private equity investments for the determination of the NAV as of 31 December 2016.

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[12] Source: Bloomberg

Most of the unlisted investments have been structured to contain downside protection for the Company. The unlisted portfolio also includes holdings in instruments which were unlisted at the point of investment but subsequently became listed instruments due to certain events, for example, conversion. Some holdings are in OTC stocks.

3.1. GreenFeed Vietnam Corporation

The key investment thesis for GreenFeed Vietnam Corporation (GFVN) is based on GFVN being the second largest domestic player in animal feed, and the significant growth in pork demand in Vietnam as per capita GDP rises, which will help to drive a strong demand for animal feed. GFVN has 5 feed mills, 9 depots and has an extensive network of more than 1,000 distributors to cover the whole country. GFVN is among the top five players (including foreign companies) who collectively account for approximately 60% of total market share. Given the highly fragmented nature of the market, GFVN is gearing up to capture a larger share in the next few years. The company is looking to expand capacity further given that their existing factories are operating at close to 100% utilization. The key risk factor is the rise in input costs, which are denominated in USD, while the selling price of feed is in local VND. However, GreenFeed has historically been able to pass on the costs increase to their customers although with a laggard effect.

In May 2010, the Company made a USD 9.5 million investment in GreenFeed Vietnam Corporation (GFVN), a leading producer of animal feed. This investment was made via USD 4.0 million in secondary shares and USD 5.5 million in a convertible instrument, for a fully diluted 17.2% stake in the company. In June 2014, the Company invested USD 0.7 million to purchase additional secondary shares and converted the existing convertible instrument into shares. This increased the Company’s fully diluted stake in the company to 17.9%. Since investing into Greenfeed in 2010, the Company has benefited from the high growth of Greenfeed and has received a total of USD 10.4 million worth of dividends, which is approximately the Company’s investment cost in Greenfeed.

For 9M2016, net sales increased 13.4% YoY due to an increase in sales volume. Gross margins increased to 20.4% as raw materials prices remained subdued. As such, net income increased 48.4% YoY.

There is currently no trading market for this investment in GreenFeed, this position was valued by GVG on a quarterly basis and is valued by GT from 30 December 2016 onwards. As of 31 December 2016, the valuation of the Company’s position stood at USD 58.23 million.

3.2. Corbyns International Limited

In February 2013, the Company invested USD 12.2 million via a convertible loan in Corbyns International Limited (Corbyns), which owns 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. The Company indirectly owns 24.4% of Corbyns.

This investment is a special situation opportunity which resulted in favourable terms for the Company. Corbyns is amongst the top four steel manufacturers in Vietnam, which together control about 50% of the market. 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; they are, however, particularly strong in Northern Vietnam. The key risk factor for this investment is an economic downturn which affects construction and infrastructure project developments in Vietnam.

There is currently no trading market for the convertible loan, this position was valued by GVG on a quarterly basis and is valued by GT from 30 December 2016 onwards. As of 31 December 2016, the Company's position was valued at USD 19.68 million.

3.3. Anova Corporation

The key investment thesis for Anova is essentially a play on the macroeconomic trends of increasing population, greater urbanization and rising incomes coupled with the increasing professionalization of agriculture in Vietnam and a shift towards quality and more hygienic food preparation. 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. In recent years, Anova increased its market share to 35% in the manufacturing and sale of finished veterinary products with the next closest competitor, Vemedin, at 17% of the total market. The key risk factor is the rise in input costs, which are denominated in USD, while the selling prices of its products are in local VND. Nevertheless, Anova has been able to pass on the costs increase to their customers although with a laggard effect.

In May 2011, the Company made a USD 8.7 million investment in Anova Corporation ("Anova") via 3-year convertible bonds, extended until end May 2016. In June 2012, the Company invested USD 1.7 million, 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 an additional USD 2.2 million via a rights issue for Anova to build new factories to expand its animal feed capacity. 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 and to vertically integrate along the animal health and feed value chain. The Company's total fully diluted stake in Anova is 16.3%.

For 2016E, net sales increased 27.7% YoY and net income increased 34.1% YoY. All businesses did better than the previous year due to the improving business sentiment in Vietnam.

There is currently no trading market for the convertible bonds or ordinary shares; this position was valued by GVG on a quarterly basis and is valued by GT from 30 December 2016 onwards. As of 31 December 2016, the Company's position was valued at USD 19.72 million.

3.4. NBB Investment Corporation

In December 2010, the Company invested USD 10.7 million in redeemable convertible preference shares (RCPS) issued in a private placement by NBB Investment Corporation.

In August 2013, the Company invested USD 1.2 million in the company's rights issue to subscribe to additional ordinary listed shares. In October and November 2013, the Company received the first instalment of USD 1.48 million from the company as compensation for financial underperformance. In December 2013, the Company's RCPS were converted into ordinary listed shares.
In July 2014, the Company invested USD 1.2 million in NBB via a rights issue. In September 2015, the Company invested USD 2.4 million via convertible bonds. In May 2016, the Company received USD 0.5 million from NBB for financial underperformance. The Company's fully diluted stake in NBB is 15.0%.

Listed on the Ho Chi Minh City Stock Exchange (HOSE), NBB is an investment holding company focused on developing Grade C residential property that is typically priced at USD 700-1,000/sqm. The key investment thesis for NBB is a play on fundamental trends such as rising urbanization and a growing middle class that are stimulating demand for affordable housing in Vietnam, particularly in Ho Chi Minh City. The company's large, low-cost land bank and a pipeline of projects, makes it well-positioned to become a direct beneficiary of these trends. The key risk factor is a downturn in the property sector in Vietnam.

For 2016E, net sales decreased 57.4% YoY to VND 41.2 billion due to sales of NBB I. However, revenue in 2017 is expected to increase as sales of City Gate Towers in 2015 will be recorded in Q1 or Q2 2017. Net income increased 6.4% YoY to VND 46.3 billion.

As of 31 December 2016, the investment was valued at USD 9.84 million.

3.5. An Phat Plastics and Green Environment JSC

At the end of 2007, the Company made a USD 2.0 million equity investment in An Phat Plastics and Green Environment JSC (An Phat). In April 2009, the Company made a follow-on investment of USD 2.8 million via a convertible bond to fund the company's expansion plans. The key investment thesis is based on An Phat being the largest plastic recycler in North Vietnam. The recycled plastic is manufactured into bio-degradable plastic bags and re-usable plastic bags for both the domestic and international markets. The key risk factor is the rise in input costs of raw materials, which are denominated in USD but this risk is partially offset by its sales to the export market, which are also priced in USD.

An Phat was listed on the Hanoi stock exchange in 2010, the Company exited its equity portion by selling the shares in the open market. In December 2012, the convertible bond of An Phat was partially redeemed and the balance was favourably restructured into ordinary listed shares of An Phat. In February 2014, the Company sold 10,000 listed shares of An Phat in the open market. In September 2014, the Company invested USD 1.4 million in An Phat via a rights issue for the company to set up a factory in Laos. In November 2016, An Phat was delisted from Hanoi stock exchange and listed on Ho Chi Minh stock exchange. The Company currently owns 12.6% in An Phat.

For 2016, An Phat's net sales increased 32.8% YoY and net income increased 254.8% YoY due to an increase in sales volume as the group expands into the Japanese market. To cater to the increase in exports, An Phat is undergoing construction of 2 new factories which will be completed by 2017.

As of 31 December 2016, the Company's position was valued at USD 6.72 million based on the stock price. The overall IRR including the sale of the equity portion, partial redemption of the convertible bond and existing unrealized position is 15.4%, or a 1.9x cash multiple, in USD terms.

3.6. VTC Online

In July 2012, the Company made a USD 10.0 million investment via subscription of ordinary shares, in VTC Online, an online games publisher in Vietnam. The Company owns 19.5% of VTC Online. The key investment thesis for VTC Online was the fast growth of online gaming and social media in Vietnam, driven by a very young and fast growing population. When this investment was made, VTC Online was one of the largest online games publishers. However, VTC Online lost one of its key game titles mid-way during the investment period, and had to undergo a restructuring process to re-engineer the business. The key risk factor remains the ability to turn around the business.

For 9M2016, net sales increased 331.4% YoY due to release of new games. The company's cost rationalisation exercise and restructuring activities have helped the company to recover profitability and generate profits. The company is re-focusing its resources to develop a digital lifestyle and entertainment platform.

There is currently no trading market for the ordinary shares; this position was valued by GVG on a quarterly basis and is valued by GT from 30 December 2016 onwards. As of 31 December 2016, the Company's position was valued at USD 8.91 million.

Outlook for Unlisted Equities

As the Company went through restructuring in early January 2017, the assets attributable to the Class C Shares (the "Private Equity Pool") comprise all the existing investments in the Unlisted Equities portfolio as well as a number of listed but illiquid stocks from the Listed portfolio. The investment objective of the Private Equity Pool is to realise the assets attributable, to be effected in an orderly manner that seeks to achieve a balance between maximising the value of the Private Equity Pool and returning cash to holders of Class C Shares promptly by means of pro rata redemptions of Class C Shares. The Private Equity Pool will not make any new investments; however with the prior approval of the Board, available cash may be used to fund follow-on investments in existing investments, with the objective of preserving the value of such investments.

In the next 12 months, we anticipate that some of the investee companies could seek to IPO, list on one of Vietnam's two stock exchanges or be acquired by a corporate or strategic investor. Such events will give the Investment Manager an opportunity to consider exiting the investments.

4. Offshore Collective Investment Schemes (OCIS)

As of 31 December 2016, the OCIS portfolio constituted 9.16% of the Company's Net Asset Value, compared to 13.80% at the end of December 2015. At the start of 2016, there were four funds within the portfolio. During the course of the year, the Company exited its position in PXP's VEEF and cancelled shares in Vietnam Phoenix Fund Limited. At the end of the year, there were only two investments in the OCIS portfolio, Dragon Capital's Vietnam Enterprise Investments Limited (VEIL, close-end fund) and VietFund Management's Vietnam Blue-Chip Fund (VFMVF4, open-end fund).

The OCIS portfolio earned a return of 24.84% in 2016. This return is calculated using prices collected from a number of OTC brokers including Jefferies, Rothschild and Numis. In terms of NAV, all three funds outperformed the VNIndex with VEIL recording the biggest increase of 24.27% in 2016. The average discount these funds are trading at is 18.5% as of 31 December 2016, a slight increase compared to 16% at the end of December 2015.

Post restructuring, the remaining VEIL position within the Company is included in the Listed Portfolio (Class A Shares). Going forward, the Investment Manager will gradually reduce the allocation to this fund at a reasonable and attractive discount to NAV.

5. Share Buy-back

At the start of 2016, the Company held 13,000,000 of its own shares, which were bought the previous year by Teignmouth Ltd, a special purpose entity 100% owned by the Company.

The Investment Manager conducted several rounds of share buybacks in 2016. During the year, Teignmouth Ltd, bought back a total of 1,550,000 shares.

On 15 September 2016, all 14,550,000 shares held by Teignmouth, representing 3.32% of the Company's shares, were cancelled.

Market Overview

MACROECONOMICS: GROWTH TARGET MISSED DUE TO AGRICULTURE AND MINING

Vietnam's GDP rose 6.68% YoY in the last quarter of 2016, bringing a full year GDP growth to 6.21% YoY[13]. The growth was lower than the target of 6.7% primarily due to a reduction of agricultural and mining outputs[13].

The Agriculture, Forestry and Aquaculture sector increased only 1.36% YoY, marking the slowest pace in the last ten years, due to the historic cold spell in the North, the severe drought in the Central and salinity in Mekong Delta, seriously affecting agricultural production in the first half of 2016[13]. The Industry and Construction sector, experienced lower growth of 7.57% YoY compared to the same period last year due to the decline in the mining sub-sector by 4.0% YoY, while the manufacturing sub-sector maintained its critical role in stimulating economic development with an impressive growth of 11.9% YoY. This was also reflected by the Purchasing Manager Index (PMI) remaining above the 50 mark throughout the year and the consistent acceleration of the manufacturing Industrial Production Index (IIP)[13]. Meanwhile, the Service sector continued to show a robust growth of 6.98% YoY in 2016, aided by strong retail sales growth of 10.2% YoY[13].

The government successfully controlled inflation at 4.74% YoY in 2016 despite price hikes in healthcare and education sectors[13]. Of these, the healthcare sector rose the most at 55.72% YoY in 2016 due to healthcare fee hikes in cities and provinces under Joint Circular No. 37 issued October 29, 2015, while Decree No. 86 on tuition fee adjustments also raised CPI of the education sector up to 12.50% YoY[13].

[13] The General Statistic Office of Vietnam

The pressure from increasing prices of global oil amid OPEC agreement to cut oil production for six months from January 2017 and Vietnam's public goods and services will likely push inflation higher in 2017.

The country incurred a trade surplus of USD 2.68 billion in 2016, compared with the trade deficit of USD 3.54 billion in 2015[14]. The improvement was due to a modest increase in imports, while exports enjoyed higher growth than the previous year. Exports expanded by 8.6% YoY in 2016 but were unable to achieve target growth of 10%, mainly due to low commodity prices and sluggish global demand[14]. Notably, Vietnam's exports remains dependent on foreign-invested enterprises as its export value has increased continuously in recent years, while domestic enterprises' export value declined over the last two years. Meanwhile, thanks to higher demand for manufacturing equipment and materials, particularly electronics, PCs and components (+20.1% YoY), steel (+7.3% YoY) and plastic (+5.5% YoY), imports climbed by 4.6% YoY for the 2016[14]. China remained as Vietnam's largest import market with total import turnover of USD 49.8 billion[14].

Disbursed Foreign Direct Investment (FDI) continued to increase by 9% YoY to USD 15.8 billion in 2016, reaching its highest level ever[14]. Meanwhile, registered FDI declined 8.1% YoY to USD 20.95 billion[14]. This slowdown was partly due to the lack of large scale projects in 2016 and delayed projects that have been pushed to 2017.

The Vietnam Dong was stable during 2016 with a decline of just 1.2% despite a strengthening dollar following the US elections. Although the expected Fed rate hikes could create some pressure in the currency, we believe that a $2.68 billion trade surplus and the $40 billion foreign reserves will help keep the dong from depreciating by more than 3% in 2017.

GRADUAL STRUCTURAL REFORMS

According to the State Bank of Vietnam (SBV), credit rose 18.71% as of December 29th, 2016, higher than the growth of 17.17% in 2015, while deposit growth inched up 18.38% and total liquidity expanded 17.88%. With the purpose of reducing the lending rate to boost credit growth in 2016, the Governor of the SBV has issued Directive 04 that instructed credit institutions to balance resources, improve business effectiveness and reduce operational costs. In favour of this Directive, some credit institutions lowered their lending rate by 50-100 bps for manufacturing and priority sectors in late September 2016[15].

In early 2016, the SBV issued Decision No 2730/QD-NHNN, announcing a new exchange rate mechanism in the hope of giving more flexibility to the foreign exchange rate. In this decision, a central exchange rate would be released on daily basis and calculated based on i) a weighted average of interbank exchange rates; ii) price of foreign currencies including USD, EUR, CNY, JPY, SGD, KRW, TWD and GBP; iii) balance of macro economy as well as monetary policy target. The trading band of the new rate continues to be +/-3%.

In terms of bad debt settlement, the Vietnam Asset Management Company (VAMC) has purchased a total of VND 22,921 billion worth of bad debt from 18 credit institutions in 2016, accumulating to a total of VND 264,755 billion since its establishment[16].

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[14] The General Statistic Office of Vietnam
[15] Source: State Bank of Vietnam
[16] Source: Vietnam Asset Management Company

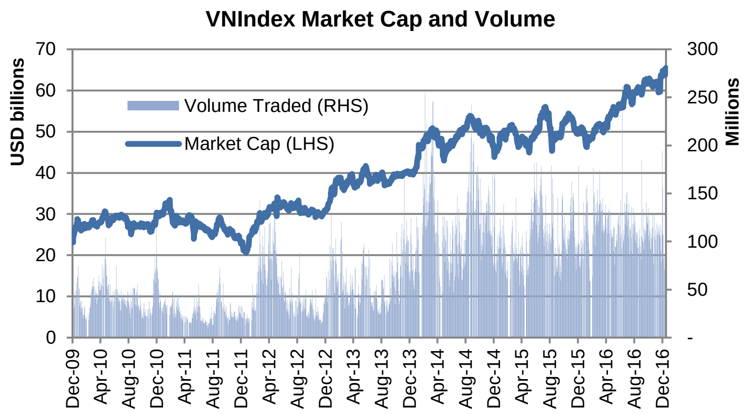
The VAMC also resolved VND 20,697 billion worth of bad debt as of December 2016, of which VND 469 billion was sold directly, VND 5,496 billion recovered by selling collateral assets of loans and VND 14,732 billion recovered through co-operation with credit institutions[17]. So far, an accumulated amount of VND 42,856 billion worth of bad debt has been resolved[17].

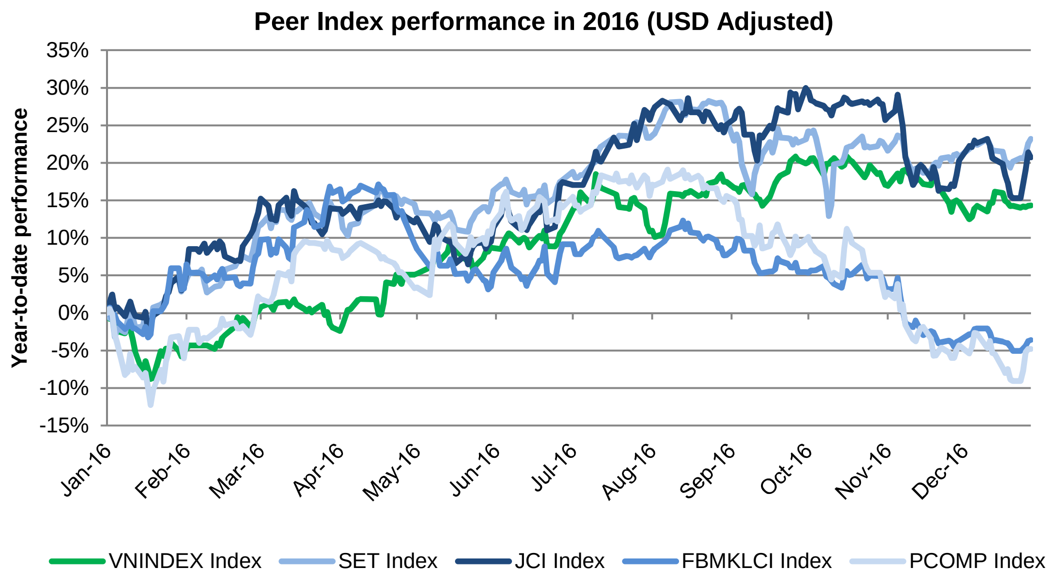
Regarding state-owned enterprises (SOEs) restructuring, the State equitized 52 SOEs and 3 independent businesses and divested VND 7,100 billion in state-owned enterprises throughout the year[17]. However, the SOEs restructuring program in 2016 has been slow with total equitization rate at 21.7% and divestment rate at 30.2% compared to 2015. A reason for this is that the State still holds a majority stake in these enterprises, thus creating a lack of interest from strategic investors seeking for a higher ownership stake[17]. The remaining hefty SOE assets (USD 220 billion) could be a good source to fund infrastructure investment or pay off the public debt. The government aims to soon finalise a new decree on SOE classifications, in which it will decide sectors that SOEs should operate in (i.e banking, energy). For other sectors, full divestment is most likely, as the government does not want to hold minority stakes in any companies. The initial public offering pipeline for SOEs in 2017 include PV Oil, Binh Son Refinery, Ben Thanh Group, Vinataba, Vinafood, and Vietnam Rubber Group.

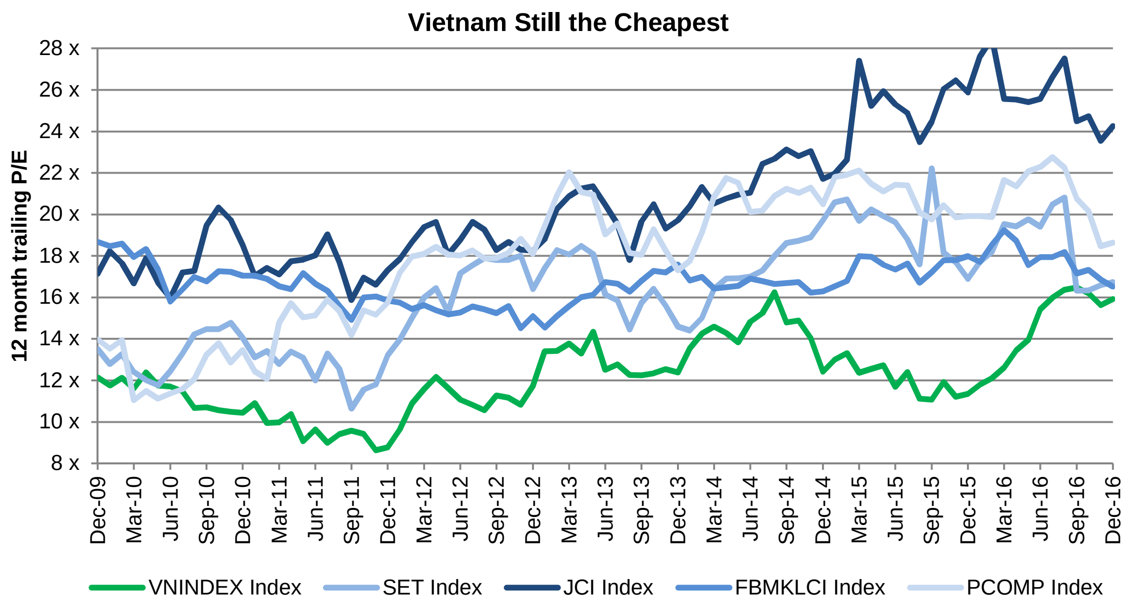
STOCK MARKETS – INCREASING CORRELATION TO GLOBAL MARKET PERFORMANCE

The Vietnamese stock market had a respectable year in 2016. The VNIndex on Ho Chi Minh Stock Exchange gained 13.4% in USD terms[18], despite tumultuous global macro events. These include (i) the turbulent period of the Chinese economy where its stock market halted trading twice in the first quarter of 2016, (ii) the positive effect of the Brexit vote on emerging Asia markets, (iii) the result of the U.S. presidential elections influencing investors' sentiment as capital began flowing out of emerging and frontier markets in favour of the US, and (iv) the U.S. Federal Reserve rate hike in December 2016, resulting in a large decline preceding the announcement and little impact thereafter. On the domestic market, the listing of two new companies (Faros Construction and Saigon Beverage) during the last quarter of 2016 created significant changes to the index composition, return and valuation. Vietnam's stock market traded at a 15.91x trailing P/E at the end of 2016, which represents a gradual revaluation as we expected and is no longer in the low double digit range. However, compared to other emerging markets including Indonesia, Philippines, India and Thailand (average 19.86x trailing P/E), the Vietnamese stock market is still trading at an attractive valuation[18].

[17] Source: Vietnam Government Portal
[18] Source: Bloomberg


VNIndex Market Cap and Volume
USD billions
Millions
Volume Traded (RHS)
Market Cap (LHS)
70
60
50
40
30
20
10
0
300
250
200
150
100
50
-
Dec-09 Apr-10 Aug-10 Dec-10 Apr-11 Aug-11 Dec-11 Apr-12 Aug-12 Dec-12 Apr-13 Aug-13 Dec-13 Apr-14 Aug-14 Dec-14 Apr-15 Aug-15 Dec-15 Apr-16 Aug-16 Dec-16


Peer Index performance in 2016 (USD Adjusted)
Year-to-date performance
35%
30%
25%
20%
15%
10%
5%
0%
-5%
-10%
-15%
Jan-16 Feb-16 Mar-16 Apr-16 May-16 Jun-16 Jul-16 Aug-16 Sep-16 Oct-16 Nov-16 Dec-16
VNINDEX Index
SET Index
JCI Index
FBMKLCI Index
PCOMP Index


Vietnam Still the Cheapest
12 month trailing P/E
28 x
26 x
24 x
22 x
20 x
18 x
16 x
14 x
12 x
10 x
8 x
Dec-09 Mar-10 Jun-10 Sep-10 Dec-10 Mar-11 Jun-11 Sep-11 Dec-11 Mar-12 Jun-12 Sep-12 Dec-12 Mar-13 Jun-13 Sep-13 Dec-13 Mar-14 Jun-14 Sep-14 Dec-14 Mar-15 Jun-15 Sep-15 Dec-15 Mar-16 Jun-16 Sep-16 Dec-16
VNINDEX Index
SET Index
JCI Index
FBMKLCI Index
PCOMP Index

		Market Cap (USD bn)	2017 Forward P/E	PEG	Div Yield	ROE
Indonesia	JCI	430	12.8	1.3	2.2%	17.9%
Thailand	SET	437	13.1	1.4	3.1%	10.2%
Singapore	FSSTI	339	13.1	2.7	3.7%	9.7%
Malaysia	FBMKLCI	227	14.7	2.7	3.3%	10.2%
Philippines	PCOMP	175	15.4	1.4	1.8%	11.9%
Vietnam	**VNINDEX**	**68**	**11.8**	**1.0**	**2.8%**	**14.4%**

General Outlook

In 2017, we continue to expect positive sentiment to dominate the markets and support growth in Vietnam. In addition to the resurgence of the mining and agriculture sectors from the low base in 2016, we expect the strengthening of the middle income demographic via wage and asset price growth as well as aggressive public spending to be the main drivers of the domestic economy in 2017.

On the external trade side, unlike what we expected a year ago, the Trans Pacific Partnership in which Vietnam was expected to be the biggest beneficiary did not go through. However, we do not view this as a total setback as it is only one of the many Free Trade Agreements (FTA) the country has. The long list of existing and upcoming bilateral and multilateral FTAs will continue to help support Vietnam's FDI flows, exports, labour market and the transfer of technology and knowledge. Although uncertainties related to Trump's trade policies might dampen investor sentiment, we have reason to believe it could be beneficial to Vietnam if the U.S. proceeds to limit trade with China. Note that the U.S. is not Vietnam's biggest trade partner; hence any U.S. trade policies will only have a marginal impact on Vietnam's current trade situation.

On the stock market, as mentioned previously, we expect a market deepening thanks to SOE divestment and listings, especially in the consumer, industrials and energy sectors. A U.S. Fed rate hike could trigger an appreciation of the Dollar and subsequently capital outflows from emerging markets. However, the state and resilience of Vietnam's economy is different from how it was in 2013. Emerging markets including Vietnam now have a stronger fundamental foothold with better trade balances and foreign reserves as well as lower exposure to commodity prices.

Risks in 2017

Whilst the Investment Manager is fully aware of the inherent risks of investing in an emerging market such as Vietnam, additional attention should be drawn to the following uncertainties and principal risks which could adversely impact the Company's performance over the next six to twelve month period:

U.S. Federal Reserve interest rate hikes – The U.S. has been a major source of capital for emerging markets. This was especially so during the period of quantitative easing where interest rates were near zero, facilitating U.S. capital to flow into emerging market economies. In December 2016, the U.S. Federal Reserve announced its second interest rate hike since December last year, raising the target federal funds rate by another 25 basis points. The Fed also indicated that it expects to make more hikes in 2017. However, this is largely dependent on incoming U.S economic data as the Fed only implemented one rate hike as compared to a projection of four in 2016 due to sluggish inflation and underwhelming economic growth.

A strong U.S economy in 2017 would be beneficial to Vietnam's export market as this could lead to greater export demand for Vietnamese garments, agriculture products and electronics. Given U.S. President Donald Trump's intention to increase tariffs and renegotiate trade deals to be more beneficial to America, exports are likely to grow at a more conservative pace. Note that in 2016, the U.S. was Vietnam's largest export market, representing 21.2% of total export value from Vietnam, increasing from 20.6% in 2015.

Negative impacts of an interest rate hike on Vietnam would be that there might be more capital outflows from emerging markets as investors channel their money into the U.S. The hike in interest rates would also hurt export firms that have dollar loans as it will increase their borrowing costs.

Lending rates in Vietnam could also be affected to the upside, though the impact would be minor. Indeed, compared to peers, Vietnamese corporations and the Government hold very little USD debt, most of which is concessionary debt charging preferential interest rates and are not affected by a rate hike.

Forex volatility – The increase in U.S interest rates mentioned earlier will also have an impact on currency exchange rates. A rate hike would result in money flowing back to the U.S, resulting in strengthening of the dollar against the Dong. The notion of multiple interest rate hikes in 2017 by the Fed may have the effect of destabilising Vietnam's exchange rate as demand for foreign currency increases. The State Bank of Vietnam will need to ensure market mechanisms are in place to minimize currency volatility and publicize its regulations so that enterprises and citizens can draw up their plans properly. Failing to do so will inadvertently affect the performance of export oriented companies and industries in the economy. On the other hand, the stronger dollar will also be beneficial to Vietnam's foreign exchange reserves. At the end of 2016, Vietnam's foreign exchange reserves have soared to an all-time high of US$41 billion, thanks to strong FDI inflows and remittances.

Managing the budget deficit – Vietnam's budget deficit came in at the equivalent of 4.3% of GDP in 2016, about half a percentage point above the government's target of 3.8%, but below the 4.6% shortfall recorded in 2015. Overall, the fiscal deficit has now contracted from the high of 5% of GDP recorded in 2013. The government targets a faster narrowing of the deficit, to 3.5% of GDP in 2017, an ambitious task for the year.

The country will need to facilitate robust economic activity to ensure revenue targets are met and better control over expenditure. This will be challenging for the Vietnamese government, given the pace and commitment of their economic reforms. These include the privatisation of state owned enterprises which has for the past 3 years fallen short of the target divestment plan and the plan to raise the government debt ceiling from 50% to 54% of GDP. However, macroeconomic conditions for 2017 appear to be more favourable than 2016 which saw the occurrence of many unexpected events such as Brexit and outcome of the U.S Presidential elections which caused much volatility. Global oil prices are also expected to recover after 4 consecutive years of annual declines, boosting the government's revenue from oil.

List of holdings as of December 31, 2016 (Unaudited)			
Asset Class	**Security Name**	**Ticker**	**Value**
Listed Equities			**198,023,247**
	ASIA COMMERCIAL BANK	ACB VN Equity	306,949
	BINH CHANH CONSTRUCTION	BCI VN Equity	4,185,089
	BANK FOR INVESTMENT AND DEVE	BID VN Equity	2,284,269
	BAOMINH INSURANCE CORP	BMI VN Equity	945,764
	HO CHI MINH CITY INFRASTRUCT	CII VN Equity	300,340
	DEVELOPMENT INVESTMENT CONST	DIG VN Equity	508,441
	PETROVIETNAM FERT & CHEMICAL	DPM VN Equity	1,374,116
	DONG PHU RUBBER JSC	DPR VN Equity	308,726
	DANANG RUBBER JSC	DRC VN Equity	1,428,142
	DINH VU PORT INVESTMENT & DE	DVP VN Equity	1,960,388
	DAT XANH REAL ESTATE SERVICE	DXG VN Equity	3,599,699
	FECON FOUNDATION ENGINEERING	FCN VN Equity	1,287,134
	FPT CORP	FPT VN Equity	16,483,811
	GTNFOODS JSC	GTN VN Equity	4,446,884
	HOA BINH CONSTRUCTION AND RE	HBC VN Equity	2,371,964
	HO CHI MINH CITY SECURITIES	HCM VN Equity	2,277,935
	HA DO JSC	HDG VN Equity	3,773,978
	HOA PHAT GROUP JSC	HPG VN Equity	20,125,658
	HOA SEN GROUP	HSG VN Equity	17,323,911
	HATIEN 1 CEMENT JSC	HT1 VN Equity	952,717
	KINH BAC CITY DEVELOPMENT SH	KBC VN Equity	6,386,413
	KHANG DIEN HOUSE TRADING AND	KDH VN Equity	3,688,905
	LAM THAO FERTILIZERS AND CHE	LAS VN Equity	142,151
	MILITARY COMMERCIAL JOINT	MBB VN Equity	1,025,515
	MASAN GROUP CORP	MSN VN Equity	99,600
	MOBILE WORLD INVESTMENT CORP	MWG VN Equity	4,346,502
	NAM LONG INVESTMENT CORP	NLG VN Equity	584,955
	NATIONAL SEED JSC	NSC VN Equity	2,437,311
	PETROVIETNAM NHON TRACH 2 PO	NT2 VN Equity	1,743,617
	TIEN PHONG PLASTIC JSC	NTP VN Equity	4,972,041
	NO VA LAND INVESTMENT GROUP	NVL VN Equity	4,526,437
	DRY CELL & STORAGE BATTERY J	PAC VN Equity	216,723
	PETROVIETNAM GENERAL SERVICE	PET VN Equity	145,215
	PETROVIETNAM DRILLING AND WE	PVD VN Equity	629,276
	REFRIGERATION ELECTRICAL ENG	REE VN Equity	2,161,237
	CAN DON HYDRO POWER JSC	SJD VN Equity	880,239
	SMC INVESTMENT TRADING JSC	SMC VN Equity	309,205
	SAIGON SECURITIES INC	SSI VN Equity	3,505,055
	SAIGON THUONG TIN COMMERCIAL	STB VN Equity	449,875
	THU DUC HOUSING DEVELOPMENT	TDH VN Equity	1,247,221
	TAY NINH RUBBER JSC	TRC VN Equity	187,958
	BANK FOR FOREIGN TRADE JSC	VCB VN Equity	7,981,923
	VINH HOAN CORP	VHC VN Equity	2,708,993
	VNDIRECT SECURITIES CORP	VND VN Equity	1,394,536
	VIETNAM DAIRY PRODUCTS JSC	VNM VN Equity	54,919,026
	VIETNAM NATIONAL REINSURANCE	VNR VN Equity	143,422
	VIETNAM SUN CORP	VNS VN Equity	1
	VIETNAM CONTAINER SHIPPING	VSC VN Equity	4,943,980

List of holdings as of December 31, 2016 (Unaudited)			
Asset Class	**Security Name**	**Ticker**	**Value**
Unlisted Equities			**123,970,135**
	ANOVA CORPORATION - CB	NA	12,312,808
	ANOVA CORPORATION - ordinary shares	NA	7,407,876
	ANPHAT PLASTIC AND GREEN ENV	AAA VN Equity	6,716,926
	Corbyns International Limited (VIETNAM)	NA	19,681,827
	GREENFEED - ordinary shares	NA	58,228,185
	NBB INVESTMENT CORP	NBB VN Equity	7,028,485
	NBB INVESTMENT CORP - CB	NA	2,811,684
	SSGA CONSTRUCTION REAL ESTATE	NA	870,307
	VTC Online	NA	8,912,037
Offshore Collective Investment Schemes			**34,059,565**
	VIETNAM ENTERPRISE INV LTD-R	VEIL LN Equity	32,862,098
	VIETNAM BLUE-CHIP FUND	VFMVF4 VN Equity	1,197,467
Cash and others			**15,644,608**
Total			**371,697,555**

Duxton Asset Management Pte Ltd
April 2017

VIETNAM PHOENIX FUND LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	31/12/2016	31/12/2015
		US$	US$
Income			
Net gain on investments at fair value through profit or loss		78,364,729	23,403,803
Total income		**78,364,729**	**23,403,803**
Operating expenses	3	(22,408,305)	(9,412,209)
Profit for the year before taxation		**55,956,424**	**13,991,594**
Taxation			
Taxation charge	11	-	-
Profit and total comprehensive income for the year		**55,956,424**	**13,991,594**
Earnings per Share			
Basic	9	13.19c	3.21c
Diluted	9	13.19c	3.21c
Weighted average shares outstanding			
Basic	9	424,090,672	436,299,024
Diluted	9	424,090,672	436,299,024

On behalf of the Board of Directors

Phillip

Director - Kevin Phillip

25 April 2017

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

VIETNAM PHOENIX FUND LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Notes	31/12/2016	31/12/2015
		US$	US$
Assets			
Cash and cash equivalents	5	1,238,012	291,929
Accounts receivable	6	1,049,199	981,548
Financial assets at fair value through profit or loss	15	373,880,460	316,109,803
Total assets		376,167,671	317,383,280
Liabilities			
Accounts payable	7	(4,470,116)	(693,439)
Total liabilities		(4,470,116)	(693,439)
Net Assets		**371,697,555**	**316,689,841**
Shareholders' equity			
Share capital	8	4,237,500	4,383,000
Share premium		437,516,980	442,909,344
Capital redemption reserve		21,193,061	16,603,907
Retained losses		(91,249,986)	(147,206,410)
Total shareholders' equity		**371,697,555**	**316,689,841**

On behalf of the Board of Directors

KPhillip

Director - Kevin Phillip

25 April 2017

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

VIETNAM PHOENIX FUND LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

2016	Share Capital US$	Share Premium US$	Capital Redemption Reserve US$	Retained losses US$	Total Equity US$
Balance at 1 January 2016	4,383,000	442,909,344	16,603,907	(147,206,410)	316,689,841
Repurchase of share capital*	-	(948,710)	-	-	(948,710)
Cancellation of share capital**	(145,500)	(4,443,654)	4,589,154	-	-
Transactions with owners	(145,500)	(5,392,364)	4,589,154	-	(948,710)
Total comprehensive income	-	-	-	55,956,424	55,956,424
Balance at 31 December 2016	**4,237,500**	**437,516,980**	**21,193,061**	**(91,249,986)**	**371,697,555**

2015	Share Capital US$	Share Premium US$	Capital Redemption Reserve US$	Retained losses US$	Total Equity US$
Balance at 1 January 2015	4,869,314	471,302,202	-	(161,198,004)	314,973,512
Repurchase of share capital	-	(12,275,265)	-	-	(12,275,265)
Cancellation of share capital	(486,314)	(16,117,593)	16,603,907	-	-
Transactions with owners	(486,314)	(28,392,858)	16,603,907	-	(12,275,265)
Total comprehensive income	-	-	-	13,991,594	13,991,594
Balance at 31 December 2015	**4,383,000**	**442,909,344**	**16,603,907**	**(147,206,410)**	**316,689,841**

*The Company repurchased 1,550,000 of its own shares ("treasury shares") through Teignmouth Limited. Following these transactions the cumulative treasury shares repurchased by the Company totalled 14,550,000 (December 2015: 13,000,000). The cost of the treasury shares purchased in 2016 is US$ 948,710.

**In September 2016, the Company cancelled all of the 14,550,000 treasury shares it held. As a result, the issued share capital of the Company reduced from 438,300,000 shares to 423,750,000 shares.

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

VIETNAM PHOENIX FUND LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	31/12/2016 US$	31/12/2015 US$
Cash flows from operating activities			
Profit for the year		55,956,424	13,991,594
Adjustment for non-cash items:			
Increase in financial assets at fair value through profit or loss		(57,770,657)	(3,901,186)
Write off of receivable		-	1,700,000
Changes in operating assets and liabilities			
Increase in accounts receivable	6	(67,651)	-
Increase / (decrease) in accounts payable	7	3,776,677	(524,676)
Total cash generated by operating activities		1,894,793	11,265,732
Cash flows from financing activities			
Repurchase of Share Capital	8	(948,710)	(12,275,265)
Total cash outflow from financing activities		(948,710)	(12,275,265)
Net increase / (decrease) in cash and cash equivalents		946,083	(1,009,533)
Cash and cash equivalents at the beginning of the year		291,929	1,301,462
Cash and cash equivalents at the end of the year		1,238,012	291,929

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 Incorporation and principal activity

The Vietnam Phoenix Fund Limited (the "Company") is a closed ended 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 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 or their business in Vietnam.

The Company seeks to achieve its investment objective through investing primarily in securities of listed and unlisted entities, including Vietnamese-listed companies, overseas companies and unlisted companies. Such entities include listed and unlisted closed-end fund vehicles. The Company also invests in securities issued by governmental agencies.

The Company holds all of its investments through wholly owned subsidiary companies which are special purpose entities ("SPE") incorporated outside of Vietnam. The Company has 10 wholly-owned SPE, incorporated as exempted companies with limited liability in the Cayman Islands having the purpose of acting as trading conduits of the Company. These SPE have the following names:

1. Epsom Limited
2. Lionel Hill Limited
3. Beira Limited
4. Prime Limited
5. Greystanes Limited
6. Siglap Limited
7. Teignmouth Limited
8. Tewkesbury Limited
9. Kallang Limited
10. Hephaestus Limited

As at the year end all of these SPE were in operation, with the exception of Tewkesbury Limited. As detailed in Note 2(l), Teignmouth Ltd. only held shares of DWS Vietnam Fund Limited up to 7 September 2016 at which date these shares were cancelled.

As at 31 December 2016 and 2015, the Company and its subsidiaries (the "Group") had no employees. The investment activities of the Group are managed by Duxton Asset Management Pte Ltd (appointed 1 October 2016) (the "Investment Manager") and the administration of the Group is delegated to State Street Fund Services (Ireland) Limited (the "Administrator"). The registered office of the Company and special purpose entities are located at dms House, 20 Genesis Close, P.O. Box 1344, Grand Cayman KY1-1108, Cayman Islands. The Investment Manager controls the board of directors of each of the 10 SPE listed above.

2 Significant accounting policies

Statement of Compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards, as adopted by the EU ("EU IFRS"). They have also been prepared in accordance with the reporting requirements of the Irish Stock Exchange and the EU Transparency Directive (2004/109/EC) Regulations 2007 (S.I. No. 277 of 2007), (the "Regulations") for closed-ended funds. The significant accounting policies adopted by the Company are set out below.

2 Significant accounting policies (cont/d)

a) Basis of preparation

The consolidated 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 and for derivative financial instruments which are held for trading. 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.

b) Accounting estimates and judgments

The preparation of the consolidated financial statements, in accordance with EU 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.

The fair value of the subsidiaries is based on the fair value of the underlying investments they hold with estimation being involved in arriving at the fair value of certain of those underlying investments. Fair value estimates are made at the reporting date, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment (e.g. interest rates, volatility, estimated cash flows etc.) and therefore, cannot be determined with precision. Note 15 details the fair value hierarchy and supporting information. The fair value of subsidiaries factors in a reduction for a deferred tax provision on the underlying investments. The deferred tax provision as at year end 31 December 2016, reflected as part of the valuation of the subsidiaries, was US $Nil (2015: US $Nil).

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

c) New accounting standards, amendments and interpretations

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2016 and not early adopted

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification.

2 Significant accounting policies (cont/d)

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

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2016 and not early adopted cont/d

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, although under IAS 39 all fair value changes of liabilities designated under the fair value option are recognised in profit or loss, under IFRS 9 fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

Based on the Fund's initial assessment, this standard is not expected to have a material impact on the classification of financial assets and financial liabilities of the Fund.

Impairment of financial assets
IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model also applies to certain loan commitments and financial guarantee contracts but not to equity investments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

Based on the Fund's initial assessment, changes to the impairment model are not expected to have a material impact on the financial assets of the Fund. This is because:

- the majority of the financial assets are measured at FVTPL and the impairment requirements do not apply to such instruments; and
- the financial assets at amortised cost are short-term (i.e. no longer than 12 months), of high credit quality and/or highly collateralised. Accordingly, the expected credit losses on such assets are expected to be small.

Hedge accounting
The Fund does not apply hedge accounting; therefore, IFRS 9 hedge accounting-related changes do not have an impact on the financial statements of the Fund.

d) Consolidation

To determine the appropriate accounting treatment as set out under IFRS 10, "Consolidated Financial Statements" the Company has determined that it meets the definition of an investment entity ("IE") as it meets the required criteria as follows:

(i) It has obtained funds from one or more investors for the purpose of providing those investors with investment management services;
(ii) It has committed to its investors that its business purpose is to invest funds solely for returns from capital appreciation investment income or both; and
(iii) It measures and evaluates the performance of substantially all of its investments on a fair value basis.

In addition, the Company has concluded that it has all the following typical characteristics of an investment entity, namely:

(i) It has more than one investment;
(ii) It has multiple investors;
(iii) The majority of its investors are not related parties; and
(iv) It has ownership interests in the form of equity.

2 Significant accounting policies (cont/d)

d) Consolidation (cont/d)

As the subsidiaries do not provide management services or strategic advice and all activities are managed through the parent / company level, the Company has concluded that all its subsidiaries through which the Company holds its investment portfolio are also investment entities and should be accounted for at fair value through profit or loss, except for one. One subsidiary, Teignmouth Limited is not an investment entity and, has been consolidated in these financial statements, as that subsidiary only holds treasury shares in the Company.

e) Financial Instruments

(i) Classification

IFRS 10 Investment Entity Amendment requires subsidiaries to be accounted for at fair value through profit or loss in accordance with IAS 39.

Associates are entities over whose financial and operating policies the Group has the ability to exercise significant influence. Investments in associated undertakings are initially recorded at cost and subsequently carried at fair value through profit and loss.

(ii) Recognition

The Company recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument. A regular way purchase of financial assets is recognised and derecognised using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

(iii) Measurement

Financial instruments are measured initially at fair value. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed through operating expenses in the profit or loss immediately while on other financial instruments such costs are amortised. Subsequent to initial recognition, except for financial instruments carried at amortised cost, all other financial instruments are fair valued through profit or loss.

(iv) Fair value measurement principles

The underlying investments held through Investment Entity (“IE”) subsidiaries, which are quoted, listed or normally dealt on a securities market or on another regulated market that is active will normally be valued at the official close of business last traded price on the principal market for such security. Where such security is listed or dealt in on more than one securities market the Administrator will value the security in the principal market, or in the absence of a principal market in the most advantageous active market to which the entity has immediate access. The value of any investment which is not listed or dealt in an active securities market shall be the value using an average of available broker prices, provided the variance between broker prices is not significant, the NAV as provided by a reputable administrator, or using an alternative estimation technique to measure fair value where no broker prices are available, if this is considered the best estimate of fair value at the year end. The fair value of the subsidiaries is based on the fair value of the underlying investments they hold with a reduction for a deferred tax provision if applicable, the calculation of which is based on the underlying investments, as described in Note 2(m).

(v) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IAS 39. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

2 Significant accounting policies (cont/d)

e) Financial Instruments (cont/d)

(vi) Cash and cash equivalents

Cash comprises current deposits with banks. Cash and cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents are carried at amortised cost which approximates its fair value.

f) Net gains and losses on investments at fair value through profit or loss

Gains and losses arising from investments at fair value through profit or loss are included in the consolidated Statement of Comprehensive Income. The net gain from investments at fair value through profit or loss include all realised and unrealised fair value changes, foreign exchange differences and interest and dividend income received, calculated as described in Note 2(h) and 2(i).

g) Translation of foreign currencies

Transactions in foreign currencies are translated into US Dollars, the functional currency at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are then subsequently translated to US Dollars at the foreign currency closing exchange rate ruling at the reporting date. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised through profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to US Dollars at the foreign currency exchange rates ruling at the dates that the values were determined.

Foreign exchange gains and losses on financial assets and financial liabilities at fair value through profit or loss are recognised together with other changes in the fair value.

h) Interest Income

Interest income is recognised in gains and losses arising from investments at fair value through profit or loss as it accrues, using the original effective interest rates of the instrument calculated at the later of the acquisition or origination date. Interest income includes the amortisation of any discount or premium, or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest basis.

i) Dividend income

Dividend income relating to equity investments is recognised in gains and losses arising from investments at fair value through profit or loss on the ex-dividend date in the Statement of Comprehensive Income. In some cases, the Company may receive or choose to receive dividends in the form of additional shares rather than cash. In such cases the Company recognises the dividend income through the Consolidated Statement of Comprehensive Income for the amount of the equivalent cash dividend alternative with the corresponding debit in financial assets at fair value through profit or loss in the Statement of Financial Position.

j) Expenses

All expenses, including investment management fees, administration fees and custodian fees are recognised in profit or loss on an accruals basis.

k) Share Capital

Costs directly associated with the issuance of share capital of the Company are charged to the share premium account.

2 Significant accounting policies (cont/d)

l) Purchase of own shares in Vietnam Phoenix Fund Limited

As at 1 January 2016, the Company held 13,000,000 (2015: 40,100,000) treasury shares as part of its investment portfolio, purchased by Teignmouth Limited, a wholly owned subsidiary. Between February and May 2016, a further 1,550,000 treasury shares were purchased by Teignmouth Limited, bringing the total of treasury shares held by Teignmouth Limited to 14,550,000.

On 7 September 2016 the 14,550,000 treasury shares held by Teignmouth Limited were cancelled. In accordance with EU IFRS and applicable law, the cancellation of the shares was recognised as a movement through the share premium and share capital accounts with the amount by which the share capital is diminished transferred to the capital redemption reserve and is disclosed in the Statement of Changes in Equity.

No further treasury shares were purchased by Teignmouth Limited between September and December 2016, bringing the total treasury shares held by Teignmouth Limited at year end 31 December 2016 to Nil (31 December 2015: 13,000,000), as detailed in Note 8.

In compliance with EU IFRS, such investments are excluded from the Group's financial assets, as calculated for EU IFRS financial statement reporting purposes and are instead treated as treasury shares. The cost of treasury shares purchased by Group companies is recorded as a movement through the share premium account as disclosed in the Statement of Changes in Equity in the year the buyback occurs.

As treasury shares are not included as a financial asset on the Statement of Financial Position, any unrealised gain / loss on the purchase of its treasury shares held is excluded from the net gain / loss on investments at fair value through profit or loss and shareholders' equity.

m) Taxation

Current tax is provided against the Company's taxable profits, at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Dividend and interest income received by the Company may be subject to withholding tax imposed in the country of origin. Investment income is recorded gross of such taxes and the withholding tax is recognised as 'non-reclaimable withholding tax' in the profit or loss.

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 consolidated 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.

n) Segmental Reporting

The Company operates a single operating segment under IFRS 8 with all decisions on allocating resources and reviewing performance of the Company being managed as a single segment. Note 16 provides a detailed description of the presentation of segment information.

3 Operating expenses

	Notes	31/12/2016 US$	31/12/2015 US$
Investment Manager			
Investment Management fee	12	(5,871,126)	(5,648,828)
Investment Advisory fee	12	(493,337)	(436,624)
Performance fee	12	(13,911,250)	(427,044)
		(20,275,713)	(6,512,496)
Custodian			
Custodian fees	10	(440,136)	(390,575)
Administrator			
Administration fees	10	(436,137)	(398,649)
Transfer Agency fees		(6,000)	(6,000)
		(442,137)	(404,649)
Other expenses			
Directors' fees	4,12	(173,975)	(8,500)
Directors' and Officers' Insurance		(35,000)	(70,706)
Professional fees		(531,401)	(26,204)
Audit fee*		(51,531)	(39,160)
Miscellaneous expenses		(458,412)	(259,919)
Reduction in retention fee receivable**		-	(1,700,000)
		(1,250,319)	(2,104,489)
Total Operating Expenses		(22,408,305)	(9,412,209)

*The audit fee relates solely to the provision of audit services.

4 Directors' Remuneration

The Board determines the fees payable to each Director. At the Annual General Meeting of the Company held on 31 December 2015, a special resolution was passed to amend the Articles of Association of the Company to change the maximum remuneration from US$75,000 in aggregate for the Board to US$75,000 per director per annum.

5 Cash and cash equivalents

	31/12/2016 US$	31/12/2015 US$
Cash and bank balances	1,238,012	291,929
	1,238,012	291,929

All cash and bank balances are held with State Street Bank & Trust Company, which is rated AA- by Standard & Poor's (31 December 2015: AA-).

6 Accounts receivable

	31/12/2016 US$	31/12/2015 US$
Retention fee receivable**	1,049,199	981,548
	1,049,199	981,548

**Upon the divestment of the Prime Group in April 2013, a portion of the sales proceeds (US$ 2,681,548) was held in escrow until 31 December 2016, to provide a tax indemnity to the buyer. During 2015, the retention amount was reduced by US$ 1,700,000 to US$ 981,548. The final retention fee, reimbursed to the Company in January 2017, was US$ 1,049,199.

7 Accounts payable

	31/12/2016 US$	31/12/2015 US$
Accrued Investment Management Fee***	(554,092)	(575,563)
Accrued Performance Fee***	(3,410,498)	-
Accrued Other Fees	(505,526)	(117,876)
	(4,470,116)	(693,439)

***Refer to Note 12 for details

8 Share capital

Shares - Equity

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.

The shares constitute the only class of shares in the Company. The Company had originally issued one subscriber share which was subsequently repurchased by the Company at par. All Shares have the same rights, whether in regard to voting, dividends, return of share capital and otherwise.

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

Subject to the approval of the Irish Stock Exchange, the Company may hold treasury shares through one of its 10 wholly-owned SPE 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 Net Asset Value (“NAV”) per share and the trading price per share on the Irish Stock Exchange, but subject to certain conditions as detailed in the Prospectus.

As at 1 January 2016, the Company held 13,000,000 (2015: 40,100,000) treasury shares as part of its investment portfolio, held by Teignmouth Limited, a wholly owned subsidiary. Between February and May 2016, a further 1,550,000 treasury shares were purchased by Teignmouth Limited, bringing the total of treasury shares held by Teignmouth Limited to 14,550,000. On 7 September 2016, the 14,550,000 treasury shares held by Teignmouth Limited were cancelled. Following the cancellation of shares, the issued share capital of the Company as at year end 31 December 2016 is 423,750,000 shares. The cancellation of the shares is shown as a movement through the share premium and share capital accounts and transferred to the capital redemption reserve as disclosed in the Statement of Changes in Equity.

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.

9 Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	2016	2015
	US$	US$
Earnings for the purpose of the basic and diluted earnings	55,956,424	13,991,594
Weighted average number of shares for the basic and diluted earnings per share (shares in issue net of treasury shares (note 8))	424,090,672	436,299,024

Basic earnings per share is calculated by dividing the earnings attributable to shareholders by the weighted average number of shares in issue during the period.

Diluted earnings per share is calculated by adjusting the earnings attributable to shareholders and the weighted average number of shares outstanding for the effects of dilutive potential shares. No dilutive potential shares existed at the year end.

10 Significant Agreements

Custodian

State Street Custodial Services (Ireland) Limited acts as 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 Prospectus. The Custodian will also be 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.

Administrator

The Company appointed State Street Fund Services (Ireland) Limited as 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 special purpose entity and a maximum fee of 12 bps per annum of the NAV of the Company.

Investment Manager

Pursuant to an agreement dated 15 November 2006, as amended and restated on 30 April 2009 (the “IMA”) the Company had delegated its discretionary investment management function to Deutsche Asset Management (Asia) Limited (“DeAM Asia”). DeAM Asia resigned as Investment Manager with the effect from 30 September 2016 and the Board appointed Duxton Asset Management Pte Ltd (“Duxton”) as its Investment Manager with effect from 1 October 2016 on substantially the same terms as DeAM Asia's appointment save for a reduction in the Investment Manager fee from 170 basis points to 150 basis points of the NAV per annum and a reduction in the performance fee payable.

Investment Management fees are charged based on the NAV of the Company on a monthly basis as defined in the Prospectus. The performance fee was payable on the achievement of a performance target as set out in the Prospectus. All assets of the Company are divided into Sub-Portfolios.

There were separate Sub-Portfolios for (i) assets under management by Duxton Asset Management Pte Ltd (the “sub-Investment Manager” or “Duxton”), comprising the Investment Manager’s Sub-Portfolio and (ii) assets under management by each Segregated Fund Manager (for which PXP Vietnam Asset Management Limited (“PXP”) had been appointed until 31 December 2016). Performance fees were calculated and payable separately for each such Sub-Portfolio.

10 Significant Agreements (cont/d)

Sub Investment Manager and Segregated Fund Manager

With effect from 30 April 2009 ("the effective date"), DeAM Asia, pursuant to its authority and discretion under the terms of IMA, delegated certain of its investment management duties to Duxton, who had been appointed as Sub-Investment Manager. The agreement between DeAM Asia and Duxton terminated on the resignation of DeAM Asia on 30 September 2016 and the appointment of Duxton as Investment Manager on 1 October 2016. The Investment Manager had also appointed a Segregated Fund Manager, PXP to manage certain segregated funds of the Company pursuant to the segregated fund mandate detailed in the Prospectus. PXP's role as Segregated Fund Manager to the Company ceased on 31 December 2016.

Performance Fees

For the purpose of calculating performance fees, the Investment Manager's Sub-Portfolio excluded any Segregated Funds managed by Segregated Fund Managers. The performance fee earned for the period from 1 January 2016 to 30 September 2016 by DeAM Asia was US$5,947,307 (2015: US$106,761) of which US$974,428 was outstanding at year end (2015: US$Nil). The performance fee earned for the year by PXP was US$554,993 (2015: US$320,283) of which US$Nil was outstanding at year end (2015: US$Nil).

A performance fee was payable to Duxton, as Sub-Investment Manager. The performance fee payable to Duxton for the period from 1 January 2016 to 30 June 2016 was US$4,972,880 (2015: US$53,380) of which US$Nil was outstanding at the year end (2015: US$Nil). For the period from 1 July 2016 to 31 December 2016, Duxton, as Investment Manager earned a performance fee of US$2,436,070 of which US$2,436,070 was outstanding at year end.

During 2016, the Company paid performance fees to the Investment Manager calculated by reference to the unaudited accounts of the Company. The calculation periods were between 1 January and the last valuation date in June and between 1 July and 31 December. The performance fee calculation was not based on a high water mark. Each calculation period is independent of previous calculation periods i.e. a decline in the NAV of a Sub-Portfolio in one calculation period will not affect the payment of performance fees for this Sub-Portfolio in future calculation periods.

The Company paid a performance fee of 100% on the Investment Manager's Sub Portfolio on returns in excess of 8% if the Investment Manager's Sub-Portfolio generates a return greater than 8% and less than 10% on an annualised basis during a calculation period.

An enhanced performance fee of 20% was payable on the Investment Manager's Sub Portfolio returns if the Investment Manager's Sub-Portfolio generated a return greater than 10% on an annualised basis during a calculation period.

Note that Duxton rebated to the Company 25% of the performance fee attributable to the period that it was acting as Investment Manager, i.e. 1 October 2016 through 31 December 2016.

11 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 Consolidated Statement of Comprehensive Income.

11 Taxation (cont/d)

The financial statements assume that the tax consequences for the Group 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.

Interest

Effective March 1, 2012, non-resident institutional investors are subject to a 5% withholding tax rate on interest income received from corporate and government bonds and certificates of deposit (CDs).

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 Consolidated 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 will be 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.

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

The deferred tax position as at 31 December 2016 was US$Nil (31 Dec 2015: US$Nil). The movement is reflected in the Consolidated Statement of Comprehensive Income.

12 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 year ended 31 December 2016.

Transactions with entities with significant influence;
DeAM Asia earned an Investment Management fee of US$1,147,453 for the period from 1 January 2016 to 30 September 2016 (2015: US$5,648,828) of which US$Nil was outstanding at the year end (2015: US$460,101). As detailed in Note 10, the performance fee earned by DeAM Asia was US$5,947,307 for the period from 1 January 2016 to 30 September 2016 (2015: US$106,761) of which US$974,428 was outstanding at year end (2015: US$Nil).

PXP earned a management fee for the year of US$493,337 (2015: US$436,624) of which US$126,538 was outstanding at year end (2015: US$115,462). In addition, PXP earned a performance fee for the year of US$554,993 (2015: US$320,283) of which US$Nil was outstanding at year end (2015: US$Nil).

For the period from 1 January 2016 to 30 September 2016, Duxton earned a Sub-Investment Management fee of US$3,442,359 (2015: US$4,236,621) of which US$Nil was outstanding at the end of that period (2015: US$345,076). In addition, Duxton also earned a performance fee of US$4,972,880 (2015: US$53,380) of which US$Nil was outstanding at the end of that period (2015: US$Nil).

For the period from 1 October 2016 to 31 December 2016, Duxton earned an Investment Management fee of US$1,281,314 (2015: US$1,039,870) of which US$427,554 was outstanding at the year end (2015: US$345,076). In addition, Duxton earned a performance fee of US$2,436,070 (2015: US$53,380) of which US$2,436,070 was outstanding at the year end (2015: US$Nil).

Transactions with key management personnel;
The total fees earned by the independent Directors during the year was US$173,975 (2015: US$8,500).

Transactions with subsidiaries;
In accordance with the Prospectus and the Articles of Association, the Company may structure any or all of its investments through wholly-owned subsidiaries which act as SPE incorporated outside Vietnam.

These subsidiaries as listed in Note 1 are managed by Duxton.

13 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 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 SPE subsidiaries.
c) Associated companies interests held via the SPE subsidiaries.

13 Interests in other entities (cont/d)

Interest in unconsolidated IE subsidiary entities

At 31 December 2016, the Company has ten subsidiary entities as defined under IFRS 10. See Note 1 for details. Of these, Teignmouth Limited is consolidated as that subsidiary is not an investment entity and only holds treasury shares on behalf of the Company. As of 31 December 2016, Teignmouth holds no treasury shares. The other nine subsidiary entities are unconsolidated. These are noted as financial assets at fair value in the Consolidated Statement of Financial Position.

Interests in non-subsidiary unconsolidated structured entities

The Board has concluded that it has no directly held unconsolidated structured entities. However it does hold structured entities via its SPE subsidiaries. These structured entity interests form part of the SPE subsidiaries fair value that is reflected in the financial assets at fair value in the Company's Consolidated Statement of Financial Position.

Interests in associated companies

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

13 Interests in other entities (cont/d)

Interests in unconsolidated IE subsidiary undertakings as at 31 December 2016:

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%	58,228,185	15.57%	58,228,185
Lionel Hill Limited	Wholly owned subsidiary	100%	19,975,598	5.34%	19,975,598
Beira Limited	Wholly owned subsidiary	100%	194,406,616	52.00%	194,406,616
Prime Limited	Wholly owned subsidiary	100%	8,912,037	2.38%	8,912,037
Greystanes Limited	Wholly owned subsidiary	100%	33,618,653	8.99%	33,618,653
Siglap Limited	Wholly owned subsidiary	100%	22,261,605	5.96%	22,261,605
Hephaestus Limited	Wholly owned subsidiary	100%	19,681,827	5.27%	19,681,827
Kallang Limited	Wholly owned subsidiary	100%	16,795,939	4.49%	16,795,939
Total			**373,880,460**	**100.00%**	**373,880,460**

13 Interests in other entities (cont/d)

Interests in unconsolidated IE subsidiary undertakings as at 31 December 2015:

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%	55,527,512	17.56%	55,527,512
Lionel Hill Limited	Wholly owned subsidiary	100%	12,994,505	4.11%	12,994,505
Beira Limited	Wholly owned subsidiary	100%	188,228,350	59.55%	188,228,350
Prime Limited	Wholly owned subsidiary	100%	1,943,940	0.61%	1,943,940
Greystanes Limited	Wholly owned subsidiary	100%	30,047,939	9.51%	30,047,939
Siglap Limited	Wholly owned subsidiary	100%	8,022,271	2.54%	8,022,271
Hephaestus Limited	Wholly owned subsidiary	100%	19,345,286	6.12%	19,345,286
Total			**316,109,803**	**100.00%**	**316,109,803**

Of the 10 SPE in operation and listed in Note 1, all were active at year ended 31 December 2016 with the exception of Tewkesbury Limited and at year ended 31 December 2015 with the exception of Kallang Limited and Tewkesbury Limited. Additionally, the Company continues to consolidate Teignmouth Limited in its financial statements as detailed in Note 2(l). Consequently, these two (2015: three) SPE are not included in the table above. 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.

13 Interests in other entities (cont/d)

Interests in unconsolidated structured entities as at 31 December 2016.

The tables below details the interests in structured entities held by the Company through the SPE subsidiaries, 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	Primarily listed equity with OTC equity	32,862,098	4.07%	8.84%	32,862,098
Vietnam Blue-Chips Investment Fund	Primarily listed equity with OTC equity	1,197,467	7.87%	0.32%	1,197,467
Total		**34,059,565**		**9.16%**	**34,059,565**

13 Interests in other entities (cont/d)

Interests in unconsolidated structured entities as at 31 December 2015.

Structured Entity	Fund Strategy	Company's holding in Fair Value (US$)	% of Total Net Assets of Structured Entity held by the Company	% of Total Financial Assets at Fair Value through profit or Loss	Maximum exposure to losses (US$)
PXP Vietnam Emerging Equity Fund	Primarily listed equity	4,466,376	3.46%	1.41%	4,466,376
Vietnam Enterprise Investments Limited	Primarily listed equity with OTC equity	32,764,905	5.05%	10.37%	32,764,905
Vietnam Blue-Chips Investment Fund	Primarily listed equity with OTC equity	1,043,089	8.28%	0.33%	1,043,089
Market Vectors Vietnam	ETF	1,774,800	0.47%	0.56%	1,774,800
Total		**40,049,170**		**12.67%**	**40,049,170**

The changes in exposures to unconsolidated structured entities in 2016 are as a result of sales of holdings in unconsolidated structured entities. The risk exposure has not changed. The Company has not provided financial or other support to the unconsolidated structured entities listed above, except in the normal course of business.

13 Interests in other entities (cont/d)

Interests in associated companies as at 31 December 2016.

The table below details the interests in associated companies held by the Company through the SPE 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	7,407,876	7.39%	1.99%	7,407,876
Anova Corporation	Long term bond	12,312,808	11.78%	3.31%	12,312,808
Corbyns International Limited	Convertible loan	19,681,827	24.40%	5.30%	19,681,827
Total		**39,402,511**		**10.60%**	**39,402,511**

13 Interests in other entities (cont/d)

Interests in associated companies as at 31 December 2015.

The table below details the interests in associated companies held by the Company through the SPE 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	6,183,466	9.34%	1.96%	6,183,466
Anova Corporation	Long term bond	6,533,506	9.86%	2.07%	6,533,506
Corbyns International Limited	Convertible loan	18,299,092	24.40%	5.79%	18,299,092
Total		**31,016,064**		**9.82%**	**31,016,064**

14 Financial instruments

This note describes the risks associated with the assets and liabilities of the Company and also the risks of the underlying portfolio of investments owned by the Company's wholly owned IE subsidiaries.

General Risk Management Process
As an investment group, the risk management of financial instruments is fundamental to the management of the Company's business. The Company's risk management process is managed by Duxton.

As defined in IFRS 7, "Financial Instruments: Disclosures", risk can be separated into the following components: market risk, credit risk and liquidity risk. Each type of risk is discussed in turn and qualitative and quantitative analyses are provided where relevant to give the reader an understanding of the risk management methods used by the Investment Manager and the Board.

However, each risk control in place is not always limited to the mitigation of one single, particular risk. Hence, investors should place the role of each risk control in the broader context of the overall risk management of the Company.

The total concentration of risk is through the unconsolidated subsidiaries and their underlying investments.

(a) Market risk
(i) Market price risk
This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other market price risk.

Other market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk which are addressed separately), whether those changes are caused by factors specific to individual financial instruments or its issuer, or other factors affecting similar financial instruments traded in the market.

The Company undertakes to manage market price risk among the different asset classes by pre-setting monthly asset allocation targets. The monthly asset allocation targets are based on the Investment Manager's projections of the market price risks of the individual financial instruments that the Group holds. In pre-setting allocations, the Investment Manager aims to achieve an optimal weightage of the Company's financial instruments to minimize market price risk, though there is no guarantee this may be achieved.

The Group is exposed to inflation risk as the global economic recovery takes place.

14 Financial instruments (cont/d)

General Risk Management Process (cont/d)
(a) Market risk (cont/d)
(i) Market price risk (cont/d)

The asset class exposure as at 31 December 2016 and 31 December 2015 were as follows:

	31 December 2016		31 December 2015	
	US$	%Total Assets	US$	%Total Assets
Asset Class Exposure:				
*Financial assets and liabilities at fair value through profit or loss:**				
Listed Equities	211,217,090	56.15%	175,301,240	55.24%
Unlisted Equities	75,418,416	20.05%	64,306,795	20.26%
Collective investment schemes	34,059,565	9.05%	40,049,170	12.62%
Bonds	15,124,492	4.02%	9,205,378	2.90%
Convertible Loan	19,681,827	5.23%	18,299,092	5.76%
Cash and cash equivalents	17,147,812	4.56%	5,960,187	1.88%
Other assets	7,682,403	2.04%	18,267,449	5.75%
Other liabilities	(6,451,145)	(1.71)%	(15,279,508)	(4.81)%
Deferred tax	-	0.00%	-	0.00%
Net financial assets at fair value through profit and loss	373,880,460	99.39%	316,109,803	99.60%
Financial assets at amortised cost:				
Cash and cash equivalents	1,238,012	0.33%	291,929	0.09%
Other Assets	1,049,199	0.28%	981,548	0.31%
	2,287,211	0.61%	1,273,477	0.40%
Total Assets	376,167,671	100.00%	317,383,280	100.00%

*The exposures noted are those arising in the Company's subsidiaries that have been measured at fair value through profit or loss.

The Investment Manager estimates the reasonably possible market price fluctuations for equity investments being a 10% sensitivity on an individual investment basis.

The table below sets out the effect on the Company's profit or loss and net assets of a reasonably possible strengthening in the individual equity market prices of 10% at 31 December 2016 and 2015. The analysis assumes that all other variables, in particular interest and foreign currency rates remain constant.

Effect in US$:	**2016**	**2015**
	US$	**US$**
Net impact on profit or loss and net assets	32,069,507	27,965,720
Effect in % of net assets:		
Net impact on profit or loss and net assets	8.63%	8.83%

14 Financial instruments (cont/d)

General Risk Management Process (cont/d)

(a) Market risk (cont/d)

(i) Market price risk (cont/d)

The industry sector breakdown (for listed and unlisted equities) as at 31 December 2016 is detailed below. (All listed and unlisted securities are held in Vietnam).

Sector	31 December 2016	31 December 2015
Consumer Staples	37%	40%
Materials	14%	13%
Real Estate Developers and Construction Services	14%	13%
Industrials	9%	8%
Information Technology	8%	7%
Consumer Discretionary	6%	5%
Financials	5%	6%
Healthcare	4%	4%
Marine Shipping	2%	1%
Energy	1%	3%
Total	100%	100%

(ii) Currency risk

Currency risk is defined in IFRS 7 as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. This risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. For the purposes of IFRS 7, currency risk is ordinarily defined to include monetary items only, such that it therefore excludes non-monetary foreign currency financial instruments. However, as the Group fair values all its non-monetary financial instruments, all such assets have been included hereunder for the purpose of currency risk exposure analysis.

Under the Company's investment objective, there is no explicit intention of performance returns through currency gains and the Group does not seek to speculate in currencies as one of its investment objectives.

As such, the two main currencies held by the Group are the US Dollar ("USD") (the functional currency of the Company) and the Vietnamese Dong ("VND") (which is required for investments into Vietnam that require payment in the local currency). However, on occasion, the Group may hold financial instruments denominated in a currency other than the USD or VND as a consequence of buying securities that are listed on a Foreign Exchange and which are thus denominated in a currency other than USD or VND. When selling these off-shore equities which are denominated in the off-shore country's base the Group may from time to time hold cash that is denominated in a currency other than USD and VND. Under such circumstances, the Investment Manager on a best effort's basis, will either buy other off-shore equities denominated in the off-shore country's base currency or repatriate the amount held in the off-shore country's base currency into either USD or VND as soon as possible. There are internal controls in place to ensure that the Company adheres to this policy. The Investment Manager has also taken the view not to actively hedge the VND against the USD as VND is often needed for investments into Vietnamese-related securities that require payment in the local currency.

14 Financial instruments (cont/d)

General Risk Management Process (cont/d)
(a) Market risk (cont/d)
(ii) Currency risk (cont/d)
In summary, the Group's exposure to currency risk is continually monitored by the Investment Manager and hedging against such a risk will be entirely at the FM's discretion.

The table below sets out the Group's exposure to currency risk. There is no currency risk attached to the other assets and liabilities in the Company's financial statements as these are held in the Company's functional currency.

	31 December 2016			31 December 2015		
	Assets	**Liabilities**	**Net Assets**	**Assets**	**Liabilities**	**Net Assets**
	US$	**US$**	**US$**	**US$**	**US$**	**US$**
Monetary:						
USD	28,574,312	(4,470,116)	24,104,196	19,671,339	(15,972,947)	3,698,392
VND	24,617,831	-	24,617,831	14,080,869	-	14,080,869
AUD	-	-	-	4,378	-	4,378
Non-Monetary:						
USD	1,049,199	-	1,049,199	56,319,282	-	56,319,282
VND	295,515,376	(6,451,145)	289,064,231	242,581,079	-	242,581,079
AUD	-	-	-	5,841	-	5,841
GBP	32,862,098	-	32,862,098	-	-	-
Total	382,618,816	(10,921,261)	371,697,555	332,662,788	(15,972,947)	316,689,841

The Investment Manager estimates that a reasonably possible strengthening of the US$ in relation to the other currencies is 5%.

The table below sets out the effect on the Group's profit or loss and net assets of a reasonably possible strengthening of the US$ in relation to the other currencies by 5% at 31 December 2016 and 2015. This analysis assumes that all other variables, in particular interest rates, remain constant:

	2016	**2015**
Effect in US$:	**US$**	**US$**
Net impact on profit or loss and net assets	16,502,103	12,222,484
Effect in % of net assets:	4.44%	3.86%

(iii) Interest rate risk
This risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This risk arises on financial instruments whose fair value or future cash flows are affected by changes in interest rates. The Group is exposed to interest rate risk through the fixed income portion of its assets. The management of such risks is discussed below.

14 Financial instruments (cont/d)

General Risk Management Process (cont/d)
(a) Market risk (cont/d)
(iii) Interest rate risk (cont/d)

The following table details the Group's exposure to interest rate risk at year end. It includes the Group's financial assets and trading liabilities, categorised by the earlier of contractual re-pricing or maturity date measured by the carrying value of the assets and liabilities:

31 December 2016:

	Maturity Date less than 1 year US$	Maturity Date 1 to 5 years US$	Maturity Date over 5 years US$	Non-Interest Bearing US$	Total Carrying Value US$
Financial assets and liabilities at fair value through profit or loss:					
Equities	-	-	-	286,635,506	286,635,506
Bonds	12,312,808	2,811,684	-	-	15,124,492
Convertible loan	19,681,827	-	-	-	19,681,827
Collective Investment Schemes	-	-	-	34,059,565	34,059,565
Cash and cash equivalents	17,147,812	-	-	-	17,147,812
Other assets	-	-	-	7,682,403	7,682,403
Other liabilities	-	-	-	(6,451,145)	(6,451,145)
Deferred tax	-	-	-	-	-
Net financial assets at fair value through profit or loss	**49,142,447**	**2,811,684**	**-**	**321,926,329**	**373,880,460**
Financial assets and liabilities at amortised cost:					
Cash and cash equivalents	1,238,012	-	-	-	1,238,012
Other Assets	-	-	-	1,049,199	1,049,199
	1,238,012	-	-	1,049,199	2,287,211
Other Liabilities	-	-	-	(4,470,116)	(4,470,116)
Net financial assets at amortised cost	**1,238,012**	**-**	**-**	**(3,420,917)**	**(2,182,905)**
Total Net Assets	**50,380,459**	**2,811,684**	**-**	**318,505,412**	**371,697,555**

14 Financial instruments (cont/d)

General Risk Management Process (cont/d)

(b) Market risk (cont/d)

(iii) Interest rate risk (cont/d)

The interest rate profile of the Group as at year ended 31 December 2015 was as follows:

	Maturity Date less than 1 year US$	Maturity Date 1 to 5 years US$	Maturity Date over 5 years US$	Non-Interest Bearing US$	Total Carrying Value US$
Financial assets and liabilities at fair value through profit or loss:					
Equities	-	-	-	239,608,035	239,608,035
Bonds	7,006,685	2,198,693	-	-	9,205,378
Convertible loan	18,299,092	-	-	-	18,299,092
Collective Investment Schemes	-	-	-	40,049,170	40,049,170
Cash and cash equivalents	5,960,187	-	-	-	5,960,187
Other assets	-	-	-	18,267,449	18,267,449
Other liabilities	-	-	-	(15,279,508)	(15,279,508)
Deferred tax	-	-	-	-	-
Net financial assets at fair value through profit or loss	**31,265,964**	**2,198,693**	**-**	**282,645,146**	**316,109,803**
Financial assets and liabilities at amortised cost:					
Cash and cash equivalents	291,929	-	-	-	291,929
Other Assets	-	-	-	981,548	981,548
	291,929	-	-	981,548	1,273,477
Other Liabilities	-	-	-	(693,439)	(693,439)
Net financial assets at amortised cost	**291,929**	**-**	**-**	**288,109**	**580,038**
Total Net Assets	**31,557,893**	**2,198,693**	**-**	**282,933,255**	**316,689,841**

VND-denominated bond portfolio

As at 31 December 2016 and 31 December 2015 the VND denominated bond portfolio comprised of an unlisted convertible bond which is not rated by Standard & Poor’s. The associated risks and sensitivities are detailed in Note 15 and are therefore not included in the sensitivity analysis below.

USD-denominated bond portfolio

The USD-denominated bond held by the Company as at 31 December 2015, matured on 12 March 2016. Below is the interest rate sensitivity of this bond as at 31 December 2015 based on the weighted average duration of the bond. As at 31 December 2015 the bond was rated BB- by Standard & Poor’s.

The Investment Manager has determined that a fluctuation of between 100 basis points and 300 basis points is reasonably possible. The table below sets out the effect on the Company’s profit or loss and net assets of an increase or decrease of between 100 basis points and 300 basis points at 31 December 2015. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

14 Financial instruments (cont/d)

General Risk Management Process (cont/d)
(a) Market risk (cont/d)
(iii) Interest rate risk (cont/d)

31 December 2015

Change in interest rate	Weighted average Duration of portfolio (years)	% Change	Change in Value (US$)
300bp decline	0.20	0.60%	2,839
200bp decline	0.20	0.40%	1,893
100bp decline	0.20	0.20%	946
100bp increase	0.20	0.20%	(946)
200bp increase	0.20	0.40%	(1,893)
300bp increase	0.20	0.60%	(2,839)

(b) Credit Risk
This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk and issuer risk. In relation to the Group, it can arise from receivables due from another party, placing deposits with other entities, purchases of debt securities and entering into derivative contracts.

Counterparty risk is managed by transacting only with approved counterparties who have been approved by Duxton's risk committee.

Issuer risk is associated with transacting in exchange traded debt securities and is monitored by use of credit ratings. For funds investing in debt securities, the investment objectives provide details of the credit rating restrictions imposed on that fund.

In managing credit risk, the Investment Manager will observe the following investment restrictions and requirements, as set out in the Prospectus:

(a) No more than 20 per cent of the gross assets of the Company may be invested in the securities of a single issuer or may be exposed to the creditworthiness or solvency of any one counterparty except where the investment is in securities issued or guaranteed by a government agency or issue of any member state, its regional or local authorities or an OECD member state;

(b) No more than 40 per cent of the gross assets of the Company may be invested in another single fund or may be allocated by the Investment Manager to any single Segregated Fund Manager, but provided always that each Segregated Fund Manager operates on the principal of risk spreading and complies with each of the Company's investment restrictions as provided in this provision, and the Investment Manager will undertake to monitor the underlying investments to ensure that, in aggregate, the investment restrictions set out above are complied with. No more than 20 per cent, in aggregate, of the value of the gross assets of the Company will be invested in other funds whose principal investment objectives include investing in other funds.

14 Financial instruments (cont/d)

General Risk Management Process (cont/d)

(b) Credit Risk (cont/d)

In addressing issuer risk, financial institutions outside of Vietnam must have a minimum short-term credit rating of Prime-1 (Moody) / A-1 (Standard & Poor) / F-1 (Fitch Ratings). Such deposit instruments may include money-market funds or fixed income instruments with a term of less than 3 months provided that the instrument has a credit rating of 'A' or above. For the purpose of this paragraph, a credit rating of 'A' refers to the credit rating allotted by Standard & Poor's. For instruments with no credit ratings available, the Company monitors the credit risk and credit spreads on a regular basis.

Please refer to note 14(a)(iii) and Note 15 for further details on the risks and sensitivities associated with the listed and unlisted fixed income instruments respectively.

As at 31 December 2016, all of the assets (other than its assets located in Vietnam or assets located in any other jurisdictions which require assets to be held by a local custodian, pursuant to the Custodian Agreement) of the Company are held by State Street Custodial Services (Ireland) Limited whose parent State Street Corporation has a credit rating of A (31 December 2015: A-1). Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed or limited. The Company monitors its risk by monitoring the credit rating and financial positions of the custodian the Company uses, and also by monitoring the credit rating of the sub-custodian it uses, Hong Kong and Shanghai Bank Corporation, which has a credit rating of AA- (31 December 2015: AA-).

The carrying amounts of financial assets set out in the table below best represent the maximum credit risk exposure at the Consolidated Statement of Financial Position date. Other assets included in the table below consist of amounts due to the Company for unsettled trades, are current in nature and are expected to be recovered in the short term.

	31 December 2016	**31 December 2015**
	US$	**US$**
Investment in Debt Instruments	34,806,319	27,504,470
Cash & Cash Equivalents	18,385,824	6,252,116
Interest & Other Receivables	7,682,403	3,969,489
Other Assets	1,049,199	18,267,449
	61,923,745	55,993,524

(c) Liquidity Risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

As at 31 December 2016, the Company had little or no liquidity risk as it was a closed-end fund, and redemptions by investors are not allowed for the entire length of the fund's life. There were no financial obligations that could have arisen through redemptions of shares by investors. The Company holds sufficient cash at all times to meet its obligations to cover operating expenses.

However, to prevent significant exposure to financial liabilities in an underlying holding, the Company is not permitted to acquire an interest in an investment which exposes the Company to unlimited liability.

As at year end 31 December 2016, there is no net exposure arising through the Company's holdings in its subsidiaries as current assets in the subsidiaries exceed current liabilities.

14 Financial instruments (cont/d)

General Risk Management Process (cont/d)
(c) Liquidity Risk (cont/d)

Risk management controls for Financial Instruments
The following paragraphs discuss the risk controls taken to manage the risk levels of each of the financial instruments stated below:

1. ***Cash and cash equivalents***
2. ***Fixed Income***
3. ***Equities***
    - ***Listed Equities***
    - ***Unlisted Equities***
4. ***Other liabilities***

1. Cash & Cash Equivalents
The Group's investments in Vietnam are in securities that are denominated in VND. Therefore, a significant cash portion of the Group is held in VND.

The VND is held in bank accounts with State Street Custodial Services (Ireland) Limited. The Company may seek to hedge against a decline in the value of the Company's assets resulting from currency depreciation but only if and when suitable hedging instruments are available on a timely basis and on terms acceptable to the Investment Manager. There is no assurance that any hedging transactions engaged in by the Company will be successful in protecting against currency depreciation or that the Company will have opportunities to hedge on commercially acceptable terms. The sub-Investment Manager has taken the view not to actively hedge the VND against the USD as VND is often needed for investments into Vietnamese-related securities that require payment in the local currency.

The Company may hold up to 100 per cent of its assets in cash at any time at the sole discretion of the Investment Manager. The Investment Manager may require Segregated Fund Managers to hold any or all Segregated Funds assets in cash. The Company's uncommitted assets will be held in cash, either in VND or USD deposit instruments held in financial institutions in Vietnam or outside of Vietnam. Financial institutions outside of Vietnam must have a minimum short-term credit rating of Prime-1 (Moody) / A-1 (Standard & Poor) / F-1 (Fitch Ratings). Such deposit instruments may include money-market funds or fixed income instruments with a term of less than 3 months provided that the instrument has a credit rating of 'A' or above. For the purpose of this paragraph, a credit rating of 'A' refers to the credit rating allotted by Standard & Poor's. As at 31 December 2016 and 31 December 2015, all cash was held by State Street Custodial Services (Ireland) Limited, whose parent State Street Corporation has a Standard & Poor's credit rating of A (31 December 2015: A-1).

14 Financial instruments (cont/d)

General Risk Management Process (cont/d)
(c) Liquidity Risk (cont/d)

2. Fixed Income
During the year end the Group had invested in the following bonds:

USD-denominated Socialist Republic of Vietnam bonds
These bonds are affected by interest rate risk. i.e. US interest rates and credit spreads on the Vietnam sovereign. The Investment Manager will monitor the US interest rates and credit spreads on the Socialist Republic of Vietnam bonds to manage interest rate risk. The value of USD-denominated Socialist Republic of Vietnam bonds as at 31 December 2015 was US$473,180 (0.14% of NAV). As this bond matured on 12 March 2016, there was no exposure as at 31 December 2016.

3. Equities
a. Listed Equities
Listed equities of the Company are exposed to market price risks. The Investment Manager has adopted a prudent approach in building Company exposure to the broader Vietnamese markets to minimise such risks. The Company's exposure to market price risk at 31 December 2016 is equivalent to the fair values of underlying investments. The value of listed equities as at 31 December 2016 was US$211,217,090 (56.82% of NAV), 31 December 2015: US$175,301,240 (55.35% of NAV).

To manage risk in the listed equities portion of the portfolio, the Company observes the condition that no more than 20 per cent of the gross assets of the Company may be invested in the securities of a single issuer or may be exposed to the creditworthiness or solvency of any one counterparty except where the investment is in securities issued or guaranteed by a government agency or instrumentality of any member state, its regional or local authorities or an OECD member state.

No more than 25 per cent of outstanding market capitalisation / shares of any issuer may be owned by the Company.

b. Unlisted Equities
In the "unlisted equities" portion of the Group's investment portfolio, the Group is exposed to liquidity risk. The Group endeavors to minimise liquidity risk by only investing in unlisted companies with profit track record that have plans to list on a Stock Exchange (either domestically or regionally) within a 2-3 years' time frame. However, there is no guarantee that the Vietnam Stock Exchange will provide liquidity for the Group's investment in Unlisted Companies.

The Group may have to resell its investments in privately negotiated transactions and the prices realised from these sales could be less than those originally paid by the Group or less than what may be considered to be the fair value or actual market value of such securities. The value of unlisted equities as at 31 December 2016 was US$75,418,416 (20.29% of NAV) 31 December 2015: US$64,306,795 (20.31% of NAV). Duxton's 'unlisted investments' team seeks to mitigate risk by conducting the appropriate due diligence on the unlisted companies the Group invests in. This includes on-site due diligence at the offices of the unlisted companies it invests in together with interview of the management. In some instances, external research parties may be hired to conduct due diligence on the unlisted companies. However, investors should bear in mind that good due diligence may be difficult to achieve in some contexts, especially where limited information is publicly available.

14 Financial instruments (cont/d)

General Risk Management Process (cont/d)
(c) Liquidity Risk (cont/d)
3. Equities (cont/d)

As the Group is likely to be a minority shareholder in any unlisted company in which it invests, the Group will endeavour in appropriate situations to obtain suitable minority shareholder protection by way of a shareholders' agreement and/or observer rights on boards, where possible. However, the Group may not succeed in obtaining such protection and even where the Group obtains such shareholders' agreement or board representation, they may only offer limited protection.

No more than 25 per cent of outstanding market capitalisation / shares of any issuer may be owned by the Company.

Note 13 details the Company’s interests in associated companies. These associated companies are entities over whose financial and operating policies the Company has the ability to exercise significant influence.

4. Other Liabilities

Other liabilities comprise purchases on investments awaiting settlement and fund expense accruals, all of which are payable within one month of transaction date. To manage the associated liquidity risk, the Investment Manager regularly monitors the level of these short term liabilities and maintains a cash balance sufficient to meet these liabilities as their settlement dates fall due.

Other general risk management procedures

The Company will not:

(a) Acquire an interest in an investment which exposes the Company to unlimited liability;

(b) Make any investments on margin unless to meet the requirements of settlement; or

(c) Undertake any short-selling.

15 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.

15 Fair Value Information and hierarchy (cont/d)

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.

The Company's unconsolidated subsidiary undertakings 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.

The following table analyses the fair value hierarchy within the Group's financial instruments measured at fair value at 31 December 2016:

Financial assets and liabilities at fair value through profit or loss	**Level 1 US$**	**Level 2 US$**	**Level 3 US$**	**Total Fair Value US$**
Collective Investment Schemes	32,862,098	1,197,467	-	34,059,565
Listed Equities	211,217,090	-	-	211,217,090
Unlisted Equities	-	-	75,418,416	75,418,416
Equity options	-	-	-	-
Long Term Bonds	-	-	15,124,492	15,124,492
Convertible Loan	-	-	19,681,827	19,681,827
Total	**244,079,188**	**1,197,467**	**110,224,735**	**355,501,390**
Cash and cash equivalents	17,147,812	-	-	17,147,812
Other assets	-	7,682,403	-	7,682,403
Other liabilities	-	(6,451,145)	-	(6,451,145)
Deferred tax	-	-	-	-
Net financial assets at fair value through profit or loss	261,227,000	2,428,725	110,224,735	373,880,460
Financial assets and liabilities at amortised cost				
Cash and cash equivalents	1,238,012	-	-	1,238,012
Other assets	-	1,049,199	-	1,049,199
Other liabilities	-	(4,470,116)	-	(4,470,116)
Net financial assets at amortised cost	1,238,012	(3,420,917)	-	(2,182,905)
Total net assets	262,465,012	(992,192)	110,224,735	371,697,555

15 Fair Value Information and hierarchy (cont/d)

The following table analyses the fair value hierarchy within the Group's financial instruments measured at fair value at 31 December 2015:

Financial assets and liabilities at fair value through profit or loss	Level 1 US$	Level 2 US$	Level 3 US$	Total Fair Value US$
Collective Investment Schemes	1,774,800	38,274,370	-	40,049,170
Listed Equities	175,295,399	-	-	175,295,399
Unlisted Equities	-	-	64,306,795	64,306,795
Equity options	-	-	5,841	5,841
Long Term Bonds	-	473,180	8,732,198	9,205,378
Convertible Loan	-	-	18,299,092	18,299,092
Total	**177,070,199**	**38,747,550**	**91,343,926**	**307,161,675**
Cash and cash equivalents	5,960,187	-	-	5,960,187
Other assets	-	18,267,449	-	18,267,449
Other liabilities	-	(15,279,508)	-	(15,279,508)
Deferred tax	-	-	-	-
Net financial assets at fair value through profit or loss	**183,030,386**	**41,735,491**	**91,343,926**	**316,109,803**
Financial assets and liabilities at amortised cost				
Cash and cash equivalents	291,929	-	-	291,929
Other assets	-	981,548	-	981,548
Other liabilities	-	(693,439)	-	(693,439)
Net financial assets at amortised cost	**291,929**	**288,109**	**-**	**580,038**
Total net assets	**183,322,315**	**42,023,600**	**91,343,926**	**316,689,841**

Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period 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 was one transfer between Level 2 and Level 1 during the financial year ended 31 December 2016. The collective investment scheme, Vietnam Enterprise Investments Limited was valued at 31 December 2015 using the average of three broker prices whilst at year end 31 December 2016, quoted market prices were used in the valuation of this holding. There were no transfers between the fair value hierarchy levels during the year ended 31 December 2015.

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 year ended 31 December 2016:

	Listed &Unlisted Equities US$	Long Term Bonds US$	Convertible Loan US$	Total US$
Opening Balance	64,312,636	8,732,198	18,299,092	91,343,926
Realised losses	(1,920,667)	3,651	-	(1,917,016)
Unrealised gains/(losses)	13,026,447	6,386,300	1,382,735	20,795,482
Purchases	-	2,342,182	-	2,342,182
Sales	-	(2,339,839)	-	(2,339,839)
Transfers out of Level 3	-	-	-	-
Transfers into Level 3	-	-	-	-
Closing Balance	75,418,416	15,124,492	19,681,827	110,224,735

15 Fair Value Information and hierarchy (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 2015:

	Listed &Unlisted Equities* US$	Long Term Bonds US$	Convertible Loan US$	Total US$
Opening Balance	61,105,986	8,033,717	15,329,917	84,469,620
Realised losses	(1,155,986)	-	-	(1,155,986)
Unrealised gains/(losses)	2,312,714	(1,637,708)	2,969,175	3,644,181
Purchases	2,431,828	2,336,189	-	4,768,017
Sales	(381,906)	-	-	(381,906)
Transfers out of Level 3	-	-	-	-
Transfers into Level 3	-	-	-	-
Closing Balance	**64,312,636**	**8,732,198**	**18,299,092**	**91,343,926**

*Includes equity options.

The realised and change in unrealised gains and losses are recognised in the Statement of Comprehensive Income as a net gain on investments at fair value through profit or loss.

As at 31 December 2016, the Company held investments in 6 private companies in the form of a combination of illiquid common stock, a convertible bond and a convertible loan which are categorized as level 3 investments under IFRS 13. The companies listed hereunder are valued in accordance with the Company's Articles of Association (Article 101(d)(v)) on the basis of valuations provided by Grant Thornton in their report dated January 2017, which are based on information relating to these companies provided by Duxton and approved by the Board.

Sensitivity Analysis of Unlisted Positions

Anova – Convertible Bond & Equity Position
Corbyns – Convertible Loan
Greenfeed – Equity Position
NBB – Convertible Bond
SSGA – Equity Position
VTC Online – Equity Position

Equity Positions Valuation

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:

31 December 2016:

- Discount rate: 12.14% to 12.40%
- Growth rate: 2.00% to 3.00%
- EV/EBITDA multiple: 5.39x to 7.82x

15 Fair Value Information and hierarchy (cont/d)

Sensitivity Analysis of Unlisted Positions cont/d

31 December 2015:
- Discount rate: 12.77% to 18.55%
- Growth rate: 3.00% to 4.00%
- P/E multiple: 14.75x to 18.55x
- P/S multiple: 1.89x
- NAV discount: 65%

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:

31 December 2016:
- Changes in the discount rate: +/- 5%
- Changes in the growth rate: +/- 0%
- Changes in EV/EBITDA multiple: +/- 5%

31 December 2015:
- Changes in the discount rate: +/- 2%
- Changes in the growth rate : +/- 1%
- Changes in the P/E multiple: +/- 5x
- Changes in the P/S multiple: +/- 1.5x
- Changes in the NAV discount: +/- 15%
- Changes in the Spot value of asset: +/- 25%

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 are 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:

31 December 2016:
- Volatility: 34.80% to 43.00% - Sensitivity: +/-10%

31 December 2015:
- Changes in credit spreads:+/- 150bps

15 Fair Value Information and hierarchy (cont/d)

Summary of valuation methodologies

The valuation methodologies for each Level 3 holding as at 31 December 2016 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.
NBB Investment Corp: market floating price for equity and Black-Scholes model for convertible bond.
SSG Group: income approach to value SSG's investment in subsidiaries & associates, and market approach for equity.

Valuation conclusion

Based on the information and financial data provided, market information, as well as the analysis, risks and disclaimer presented and discussed in the Grant Thornton Valuation Report, the estimated value range of each Level 3 investment as at 31 December 2016 is presented hereunder:

Level 3 Security	Market Value as at 31 December 2016	Minimum value	Average value	Maximum value
	US$	US$	US$	US$
Greenfeed	58,228,185	54,278,622	58,358,891	62,711,488
Anova (equity)	7,407,876	6,944,922	7,424,505	7,924,841
Anova (convertible bond)	12,312,808	11,681,334	12,340,447	13,048,317
VTC Online	8,912,037	8,932,042	8,932,042	8,932,042
Corbyns	19,681,827	19,681,827	19,681,827	19,681,827
NBB	2,811,684	2,817,995	2,817,995	2,817,995
SSGA	870,318	807,222	872,261	937,300

16 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 Board and Duxton are considered the Chief Operating Decision Maker (CODM) for the purposes of IFRS 8.

Duxton is responsible for decisions in relation to both asset allocation, asset selection and any Segregated Fund Manager delegation. Duxton 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 Company prospectus must be approved by the Board and then the Company's shareholders in accordance with the terms of the Prospectus and the Company's Articles.

The Company operates a single operating segment under IFRS 8 with all cash and investment holdings being managed at a Company level. Cash is allocated to Duxton who 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 Duxton rather than the past performance of the asset classes. Duxton can further delegate the investment management responsibility for an amount of cash to a Segregated Fund Manager, if required.

16 Segmental Reporting cont/d

During the year ended 31 December 2016, the Company held investments managed by Duxton and PXP. PXP was appointed by the Investment Manager and managed a portion of the investment cash during the period. Notwithstanding the fact that a performance fee is payable separately to Duxton and PXP, the decision on the allocation of resources is not based on their individual performance.

The Company is incorporated in the Cayman Islands and its primary objective is to invest directly or indirectly in companies that do some or all of their business in Vietnam. Some of the Company's investments are held in countries other than Vietnam such as United Kingdom, Germany, Hong Kong, Netherlands and the United States of America which give exposure to Vietnam. All of the Company's income is from investments in these entities.
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 Consolidated Statement of Comprehensive Income. The Company has a highly diversified portfolio of underlying investments and no single investment accounts for more than 15.67% of the Company's net assets.

17 Commitments

There were no commitments to investment as at 31 December 2016 or 31 December 2015.

18 Significant events during the year

On 19 February 2016, Martin Adams and Judd Kinne were appointed as directors of the Company.

On 18 May 2016, the Board announced it has received from Deutsche Asset Management Asia Pte Ltd notice of its resignation as investment manager of the Company, effective on 30 September 2016.

On 31 May 2016, the Company announced a change in its registered address following the change of its Corporate Service provider in the Cayman Islands from Collas Crill Corporate Services Ltd to DMS Corporate Services Ltd.

On 30 June 2016, the Board announced a proposed appointment of Duxton Asset Management Pte Ltd as investment manager of the Company, effective on 30 September 2016, as well as preliminary proposals for the Company's restructuring (the "Restructuring Proposal").

On 30 September 2016 at the Company's Annual General Meeting, shareholders voted to approve in principal the proposed restructuring of the Company. They also voted in favour of the Company's name change to Vietnam Phoenix Fund Limited as well as the appointment of Duxton Asset Management Pte Ltd as investment manager of the Company. A resolution to re-elect Jason Fitzgerald as the Company's Director was not passed.

On 22 December 2016 during the Company's Extraordinary General Meeting, shareholders voted to approve the Restructuring Proposal and authorise and direct the Directors to take such action as may be reasonably necessary to implement the Restructuring Proposal.

On 29 December 2016, shareholders made their election of their Continuation Option and Realisation Option in connection with the Restructuring Proposal.

On 31 December 2016, the Discretionary Investment Management Agreement dated 30 June 2007 between the Company and PXP Vietnam Asset Management Ltd was terminated.

18 Significant events during the year (cont/d)

For more detailed information on these events, please refer to the announcements on the Irish Stock Exchange by the Company's Board of Directors. A link to this announcement can be found in the Company website at vietnamphoenixfund.com.

19 Significant events after the year end

The Company has implemented the Restructuring Proposal in early January 2017 as approved by the shareholders. As a result of the restructuring, the Company's share capital was split into 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) and 1 Private Equity share (Class C).

Following the shareholders' elections of their Continuation Option or Realisation Option in connection with the Restructuring Proposal, the issued share capital held by the Class A and Class B shareholders was 191,377,519 and 232,372,481 shares respectively. No further Class B shares will be offered to investors. The issued share capital held by Class C shareholders was 423,750,000.

Each share class has a separate pool of assets, investment objectives, investment management fee and performance fee and subscription and redemption provisions, as detailed in the Restructuring Proposal to the shareholders dated 8 December 2016 and in the Private Offering Memorandum (Class A Shares) and Supplements (Class B and Class C shares) to the Private Offering Memorandum, all dated January 2017.

The divestment of the assets in the Realisation Pool has been carried out as expected. All proceeds will be returned to shareholders before 30 June 2017. As at 25 April 2017, the date of approval of the financial statements, all Class B Shares have been redeemed and all proceeds have been returned to shareholders.

20 Approval of the financial statements

The financial statements were approved by the Board on 25 April 2017.

VIETNAM PHOENIX FUND LIMITED

OTHER INFORMATION

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

Directors
Jason Fitzgerald (independent) (until 30 September 2016)
Kevin A Phillip (independent)
Judd Kinne (independent) (appointed 19 February 2016)
Martin Adams (independent) (appointed 19 February 2016)
All Directors are non-executive and independent.

Investment Manager (appointed 1 October 2016)
Duxton Asset Management Pte Ltd
40 Duxton Hill Level 4,
Singapore 089618

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

Administrator, Registrar and Transfer Agent
State Street Fund Services (Ireland) Limited
78 Sir John Rogerson's Quay,
Dublin 2
Ireland

Legal Advisor to the Company on Vietnamese Law
Freshfields Bruckhaus Deringer
Saigon Tower, Suite 1108
29 Le Duan Boulevard
District 1, Ho Chi Minh City
Vietnam

Legal Advisor to the Company on Irish Law
Matheson
70 Sir John Rogerson's Quay
Dublin 2
Ireland

OTHER INFORMATION (CONT/D)

Legal Advisor to the Company on Cayman Islands Law (appointed 31 May 2016)
Ogier,
89 Nexus Way,
Camana Bay,
Grand Cayman,
Cayman Islands KY1-9009

Company Secretary (appointed 31 May 2016)
DMS Corporate Services Ltd.,
DMS House,
20 Genesis Close,
P.O. Box 1344,
Grand Cayman KY1-1108,
Cayman Islands

Auditors
KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
International Financial Services Centre
Dublin 1
Ireland

Irish Listing Agent and Irish Paying Agent
Matheson
70 Sir John Rogerson's Quay
Dublin 2
Ireland

Dealing Enquiries
Duxton Asset Management Pte Ltd
40 Duxton Hill Level 4,
Singapore 089618

VIETNAM PHOENIX FUND LIMITED

SUPPLEMENTAL UNAUDITED INFORMATION TO THE FINANCIAL STATEMENTS

Reconciliation to dealing NAV (unaudited)	Notes	31/12/2016	31/12/2015
NAV per IFRS financial statements		US$371,697,555	US$316,689,841
Adjustments:			
Value of shares invested in Vietnam Phoenix Fund Limited	2(l)	-	US$7,512,921
NAV per dealing NAV		US$371,697,555	US$324,202,762

Seasonal or cyclical changes

The Company is not subject to seasonal or cyclical changes.

Exchange rates

The year end exchange rates (to 1USD) are as follows:

		31/12/2016	31/12/2015
AUD	Australian Dollar	1.3810	1.3745
EUR	Euro	0.9481	0.9205
GBP	British Pound	0.8093	0.6785
HKD	Hong Kong Dollar	7.7532	7.7501
SGD	Singapore Dollar	1.4447	1.4186
TWD	Taiwan Dollar	32.2290	32.8470
VND	Vietnam Dong	22,771.0000	22,485.0000