

Vietnam Enterprise Investments Limited

Annual Report 2021

DRAGON CAPITAL



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1. Chair's Statement

Dear Shareholders,

In 2021, the Vietnamese stock market produced one of the best returns globally with the Vietnam Index (the "VN Index") increasing 39.0%, and the net asset value ("NAV") of Vietnam Enterprise Investments Limited ("VEIL") outperforming by a further 8.1%, achieving a return for investors of 47.1%.

The pandemic created a challenging year for many countries, and Vietnam was no exception. Following the lock-down during the third quarter of 2021 in high infection rate provinces, especially Southern Vietnam, the country constantly and proactively promoted the vaccine campaign and switched from a "Zero-COVID" to a "Live-with-COVID" strategy. Vietnam has since achieved one of the highest vaccination rates in the world. As of December 2021, 98.7% of the adult population has been fully vaccinated and the new goal is to have a similar percentage of adults boosted by the second quarter of 2022. Additionally, with domestic pharmaceutical companies now approved to produce Merck's COVID-19 treatments, the impact from the pandemic is expected to continue to diminish.

Although the economy was negatively impacted by COVID-19, GDP recovered in the fourth quarter to end up 2.6% for the entire year. A primary driver was the manufacturing sector, which advanced by 4.1% year-on-year ("yoy"), followed by agriculture at 2.9% yoy, and the services sector at 1.2% yoy. Manufacturing benefited from the effective vaccination strategy that enabled workers to quickly return to factories. The global demand for Vietnamese exports remained solid throughout the year. Total trade for 2021 rose 22.6% to US\$668.5 billion. Imports increased 26.6% to US\$332.3 billion, heavily pushed by inventory building. Exports grew by 19.1% to US\$336.3 billion, which was slower than years past. Exports grew in the second half; what was a cumulative trade deficit of US\$1.7 billion in July became a surplus of US\$4.0 billion by December. The contribution of FDI was as supportive as ever, at nearly 70% of total trade. This is likely to grow in the coming years as the shift in the global supply-chain continues to favour Vietnam. Lastly, the Regional Comprehensive Economic Partnership¹ ("RCEP") agreement, which became effective from 1 January 2022, will further accelerate the country's growth.

2021 saw the Vietnamese stock market make significant progress in its development, size and depth. There are now 63 companies with market capitalisation in excess of US\$1 billion. Daily turnover has reached a new normal of US\$1 billion, oftentimes much higher. The low interest rate environment drew domestic retail investors into equities and new retail account openings increased nearly fourfold compared with the prior year. The E-KYC process which started in August 2020 was also an important factor that supported the convenience and the speed of new retail openings. Though foreign investment in Southeast Asia reduced in 2021, we expect it will rebound as travel, logistics and business interaction return back to pre-pandemic levels. The market infrastructure will get another boost with the arrival of a new trading system in the second quarter of 2022, which will bring T+0 settlement, allowing for higher trading turnover. Futures, options, warrants and other derivative products are also expected to evolve in the coming year.

In valuation terms, the earnings growth forecasts for the top 60 companies in Vietnam averaged 22%, and the price/earnings ratio was at approximately 12x. The Vietnamese market is still below its average five-year valuation, despite a 39.0% run-up by the VN Index.

In terms of our own performance, VEIL's NAV rose significantly by 47.1% in 2021 and was ahead of the VN Index by 8.1%. VEIL's outperformance was led by its core overweight positions in the three key sectors: infrastructure, banks and properties. These industries are widely seen as the main beneficiaries of Vietnam's new era of lower interest rates and infrastructure spending. VEIL's top holdings are leading names in these sectors: Hoa Phat Group (HPG) was on average VEIL's largest position during the year and a key representative of Vietnam's growing infrastructure development. VP Bank (VPB) and Asia Commercial Bank (ACB) are two high performing private sector banks. Khang Dien House (KDH) and Dat Xanh Group (DXG) are two of the countries' top private developers. VEIL also benefited from strong performance in sectors of retail and technology, investing in such companies as Mobile World Group (MWG) and FPT Corp (FPT).

In 2021, VEIL has bought back 3,401,261 shares worth approximately US\$32.68 million and 1.58% of outstanding shares. We continue to actively monitor our share price and discount to NAV; and remain committed to doing buybacks at appropriate times.

¹ The Regional Comprehensive Economic Partnership is a free trade agreement among the Asia-Pacific nations of Australia, Brunei, Cambodia, China, Indonesia, Japan, South Korea, Laos, Malaysia, Myanmar, New Zealand, the Philippines, Singapore, Thailand and Vietnam

1. Chair's Statement (Continued)

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

Looking ahead, there are numerous uncertainties in 2022 due to inflation, rising oil prices, Federal Reserve rate hikes, and the Russia-Ukraine crisis. The tension between U.S and China continues to have positive spillover effect on emerging markets such as Vietnam. To fight the pandemic, the Vietnamese Government initiated a US\$15 billion stimulus package and most of it will be deployed in 2022. With the country in healthy shape, the economy is well positioned to achieve a GDP target of 6.0-6.5% this coming year.

Growth and liquidity in the Vietnam market remains one of the highest in Southeast Asia. VEIL is confident of its ability to continue to identify the best companies in terms of business growth, profitability, and management. Our historical track record over the short, medium and long-term continues to outperform peers and relevant indexes.

On behalf of the Board, we thank our shareholders for their continued support and trust in VEIL. This will be my last Chair's Statement, as I will step down in 2022. It has been a privilege to serve as Chair for the past four years, and Director for over a decade. It has been my honour to be part of such a wonderful team at VEIL.



Stanley Chou
Chair
Vietnam Enterprise Investments Limited
28 April 2022

2. Company Overview and Strategy

Investment Objective

VEIL's objective is to seek medium to long-term capital appreciation of its assets.

Benchmark

VEIL does not benchmark against any index. However, VEIL looks to outperform the Vietnam Index (the "VN Index"), a capitalisation-weighted index of all companies listed on the Ho Chi Minh Stock Exchange, on a rolling three-year basis. The VN Index is available on Bloomberg on "VNINDEX VN Equity <GO>".

Business Model

VEIL was incorporated in the Cayman Islands on 20 April 1995 under the Companies Law (Revised), Cap. 22, of the Cayman Islands as an exempted company with limited liability and is a closed-end investment fund. VEIL is the longest running fund focused on Vietnam and the largest which invests primarily in listed and pre-IPO companies in Vietnam that offer attractive growth and value metrics, good corporate governance, and alignment with Vietnam's underlying growth drivers.

On 5 July 2016, VEIL's shares were admitted to the premium segment of the Official List of the Financial Conduct Authority, and to trading on the London Stock Exchange's main market for listed securities. On 18 July 2017, VEIL was included in the FTSE 250 Index.

Investment Policy

Asset Allocation

VEIL seeks to achieve its investment objective by investing in companies primarily operating in, or with significant exposure to Vietnam. Whilst VEIL's portfolio will reflect a focus on Vietnam, VEIL may also invest up to, in aggregate, 20% of Net Asset Value ("NAV") at the time of investment, in companies operating in, or with significant exposure to Cambodia and Laos.

VEIL expects that the majority of the investments comprising the portfolio will be equity securities admitted to trading on the Ho Chi Minh Stock Exchange, the Hanoi Stock Exchange, the Unlisted Public Company Market ("UPCoM") or on other stock exchanges. VEIL may, nonetheless, invest in unlisted equity securities and listed or unlisted debt securities or loan instruments.

The companies in which VEIL will invest may have any market capitalisation and may operate in any industry. In respect of the debt securities in which VEIL may invest, these may be fixed or floating rate and may have any credit rating or may be unrated.

VEIL may seek exposure to securities directly or indirectly and VEIL may use derivatives for investment purposes and efficient portfolio management. VEIL may invest in investment companies that have, as their main objective, a focus on investing in securities falling within VEIL's investment policy. Investments in other investment companies will not exceed 10% of NAV at the time of investment.

VEIL does not intend to take legal or management control of any investee company. VEIL may also hold cash or other short-term investments such as commercial papers or certificates of deposit. Under normal market conditions, it is expected that VEIL will be substantially fully invested in investments meeting its investment policy. However, where considered prudent to do so (for example, in the event of a lack of suitable investment opportunities or in times of falling markets or market volatility), VEIL's portfolio may reflect a significant weighting to cash or other short-term investments.

Investment Restrictions

VEIL will observe the following investment restrictions in each case calculated at the time of investment:

- (a) No more than 20% of the gross assets of VEIL may be exposed to the creditworthiness or solvency of a single counterparty;
- (b) No more than 20% of the gross assets of VEIL may be invested in any one issuer; and
- (c) No more than 40% of the gross assets of VEIL may be invested in any one industrial sector.

Borrowing

VEIL is permitted to borrow money and to charge its assets. VEIL will not have aggregate borrowings in excess of 20% of VEIL's NAV at the time of borrowing.

VEIL may borrow for the purposes of capital flexibility, including for investment purposes. The Board will oversee the level of gearing in VEIL, and will review the position with the Investment Manager on a regular basis.

Changes to Investment Policy

No material change will be made to the investment policy without the approval of shareholders by ordinary resolution.

In the event of a breach of the investment policy set out above and the investment and borrowing restrictions set out therein, the Investment Manager shall inform the Board upon becoming aware of the same, and if the Board considers the breach to be material, notification will be made to a Regulatory Information Service.

2. Company Overview and Strategy (Continued)

Key Performance Indicators

At each Board meeting, the Directors consider a number of performance measures to assess VEIL's success in achieving its objectives. The key performance indicators ("KPI") are established industry measures, and are as follows:

NAV and Share Price

The Board monitors the NAV and share price performance of VEIL on a three-year rolling basis as provided in the Portfolio Manager's Report on pages 5 to 12. Performance for one, three and five years are also provided in the Portfolio Manager's Report for reference purposes.

Performance Against Reference

Performance is measured against the VN Index, on a three-year rolling basis. The Board also considers peer group comparative performance over a range of time periods, taking into consideration the different investment policies and objectives of those companies.

Discount/Premium to NAV

The discount/premium relative to the NAV represented by the share price is closely monitored by the Board. The objective is to avoid large fluctuations in the discount relative to similar single country investment companies investing in Asia (ex-Japan) by the use of share buybacks subject to market conditions. A graph showing the share price discount/premium relative to the NAV is also shown on page 10.

Board Composition

The Board supports the principle of boardroom diversity. The selection policy of the Board is to appoint the best qualified person for the job, by considering factors such as diversity of thought, experience and qualifications for the effective conduct of VEIL's business. New appointments are identified against the requirements of VEIL's business and the need to have a balanced Board.

As at 31 December 2021, the Board consisted of six Independent Non-executive Directors and one Non-Independent Non-executive Director. After the reporting period, Sarah Arkle, Independent Non-executive Director, was appointed on 5 January 2022.

Detailed information on the Board's independence, composition and diversity is provided on page 27.

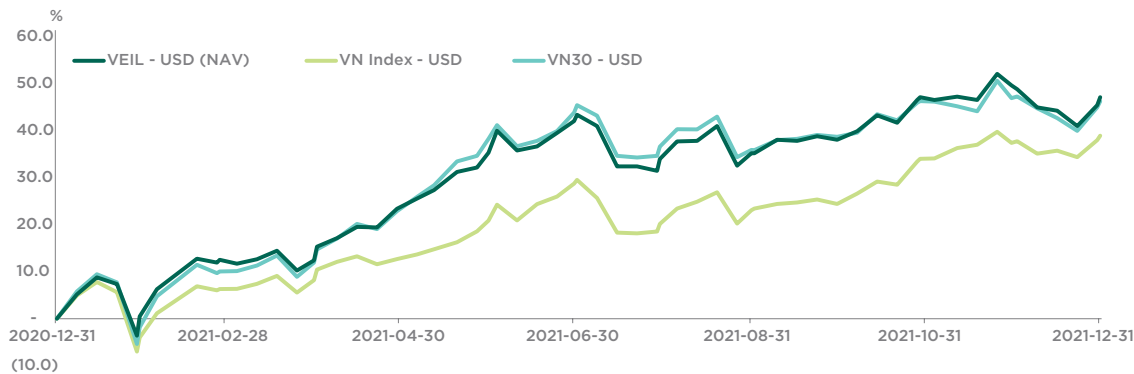
3. Portfolio Manager’s Report

Performance Overview

2021 was a remarkable year for Vietnam Enterprise Investments Limited (“VEIL” or the “Fund”), even as the COVID-19 pandemic severely impacted Vietnam for the second year running. The Fund achieved a 47.1% return for the year and outperformed its reference index, the Vietnam Index (the “VN Index”) total return in US\$ terms (the “VNI TR\$”), by 8.1%. This performance was the Fund’s second highest annual performance on record and the biggest outperformance against the VNI TR\$ in the last 10 years for VEIL. 2021 was a difficult year for Vietnam, including a strict 5-month lock-down from the middle of the second quarter to the early fourth quarter during the fourth wave of the COVID-19 outbreak, which was more severely felt, both in terms of fatalities and economics, than all of the previous

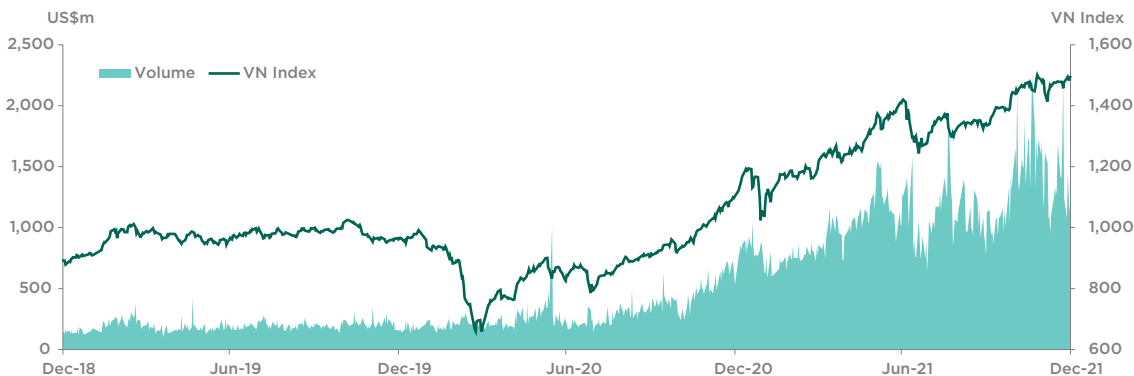
waves combined. Once again, decisive action from the Vietnamese Government helped to successfully roll out the biggest vaccination programme ever in the country, paving the way for the reopening and resumption of economic activity in the fourth quarter of 2021. Despite the hardship that COVID-19 had brought over the last two years, the secular themes, rapid urbanisation and continued expansion of the middle-class, that drive the Vietnam story remained. Notably, VEIL’s positioning in the Banking, Materials & Resources and Real Estate sectors that gives the Fund’s exposure to the urbanisation theme, and the Retail and Software & Services sectors that represented the consumption theme, all performed exceptionally well in 2021.

Graph 1: One Year Performance (% in US\$ terms)



Source: Dragon Capital, Bloomberg

Graph 2: VN Index Information (Rolling 3-year)



Source: Dragon Capital, Bloomberg

3. Portfolio Manager's Report (Continued)

Attribution Analysis

The Materials & Resources sector had another excellent year driven both by robust domestic demand and favourable prices. VEIL's representative in the sector is Hoa Phat Group ("HPG"), by far the biggest full-valued chain steel producer in Vietnam. After a strong 2020 in which Net Sales were up 42% and Net Profit After Tax and Minority Interest ("NPAT-MI") was up 79% year-on-year ("yoy"), HPG went on to deliver an even stronger 2021 in which Net Sales rose 66% to US\$6.6 billion and NPAT-MI surged 156% yoy to US\$1.5 billion. With this result, HPG became the second most profitable listed company in Vietnam in 2021 and the second ever listed company in Vietnam to deliver more than US\$1 billion in Net Earnings. The growth was underpinned by a 35% rise in group sales volume, driven by a sharp rise in volumes in the Hot-Rolled Coil segment. By the end of 2021, HPG's domestic market share rose further to 36.3%, nearly triple that of its nearest competitor (at 12.5% market share). Cash flow was remarkable with cash flow from operations of over US\$1.5 billion; and with the last of the heavy capital expenditure for Phase 1 of the Dung Quat Mega steel complex completed in 2020, free cash flow was strong at US\$674 million. However,

a large part of HPG's success in 2021 was undoubtedly thanks to favourable input and output prices and, as such, HPG's share price softened in late fourth quarter of 2021 when investors detected the reversal in trends. As a result, whilst HPG's share price rose 54% in 2021, the price performance significantly lagged the company's earnings growth. Looking beyond the short-term volatility of commodity prices, we believe HPG is still in a unique position to deliver great long-term growth. Vietnam's long-term demand for steel and construction materials remains high with growing urbanisation, currently at c.37%. The ramp-up in infrastructure in the next few years will serve to accelerate the urbanisation rate that is already among the highest in the region. For HPG, with the success of Phase 1 achieved, the company has already started preparations to invest in Phase 2 expansion of the steel complex, which is expected to double current capacity. At the end of 2021, the company was trading at just 6.0x Price-to-Earning ("PER") whilst delivering over 46% Return-on-Average-Equity ("ROAE"), which was coupled with a strong cash position. The PER is considered to be a highly undemanding valuation for one of the biggest and most profitable companies in Vietnam.

Table 1: Investment Portfolio - Ten Largest Investments

Company	Ticker	Sector	Market value US\$	NAV %	Total return %	Initial acquisition
Hoa Phat Group	HPG	Material & Resources	317,018,712	12.16	54.0	18 June 2009
VPBank	VPB	Banking	279,532,052	10.72	100.6	1 January 1996
Asia Commercial Bank	ACB	Banking	255,179,357	9.79	55.3	1 December 1996
Mobile World Group	MWG	Retail	250,350,072	9.60	74.0	3 October 2014
Vinhomes	VHM	Real Estate & Construction	175,670,529	6.74	22.2	18 May 2018
Vietcombank	VCB	Banking	157,738,199	6.05	5.2	7 February 2012
Vingroup	VIC	Real Estate & Construction	142,949,659	5.48	0.1	22 August 2014
FPT Corp	FPT	Software & Services	111,191,175	4.26	86.9	3 July 2008
Techcombank	TCB	Banking	102,585,285	3.93	60.6	4 June 2018
Dat Xanh Group	DXG	Real Estate & Construction	98,679,677	3.78	155.4	10 March 2016
Total 10 investments			1,890,894,718			

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

Table 2: Asset Allocation by Asset Class¹

	31 December 2021	31 December 2020
	%	%
Equities	99.4	97.5
Cash ²	0.6	2.5
	100.0	100.0

¹ For asset allocation by sector, please see Note 5 to the Financial Statements.

² Cash includes cash and cash equivalents, receivables and payables.

3. Portfolio Manager's Report (Continued)

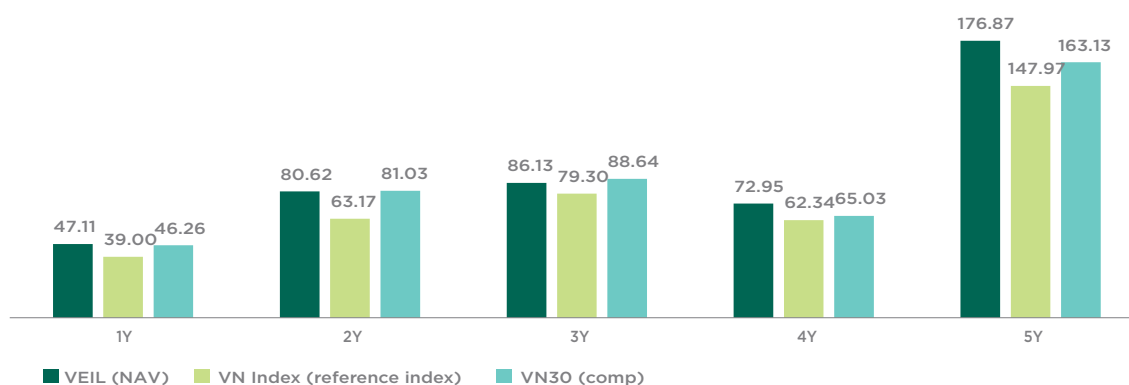
2021 was another stress test for the Banking sector - another year of being hampered by the effects of COVID-19. Two years of interrupted business and economic activities created a challenging environment for banks to maintain their asset quality while finding growth. Banks that have been able to navigate such conditions are rising to the forefront of the sector, with private banks having grown to a size that is comparable to that of the long-established State-Owned Commercial Banks (SOCBs). VEIL's holdings in the Banking sector consist of what are now the biggest private banks, including Techcombank ("TCB"), the second biggest bank by profit in Vietnam, as well as VPBank ("VPB") and Asia Commercial Bank ("ACB").

TCB's rise in the Banking sector has been a long time in the making, culminating in a 61% share price increase in 2021. The bank's operational excellence is exemplary in the sector. By the end of 2021, TCB's Current Account-Saving Account ("CASA") ratio reached a historic high in the sector at 50.5%. A high CASA, new syndicated loans and a low-rate environment, all helped TCB maintain one of the most competitive cost of funds in the sector. Its Non-performing Loans ("NPL") ratio was well maintained at 0.7% with most of the restructured loans under special COVID-19 regulation having been provisioned for. In 2021, TCB reported 46% growth in NPAT-MI driven by 42% growth in Net Interest Income ("NII") on the back of Net Interest Margin ("NIM") expansion to 5.6% from 4.9% in 2020 and credit growth of 26%, one of the highest in the sector. TCB's Capital Adequacy Ratio ("CAR") under Basel II standard at 15.0% is one of the highest in the sector in Vietnam. Even after TCB's 2021 share price rally, it was trading at 1.9x Price-to-Book ("PBR") on 22% ROE at the end of the year. Given its well-known commitment to investing in the digital future, we believe TCB is one of the most exciting names in the sector that will continue to challenge for the crown of the most profitable banks in Vietnam in the coming years.

VPB's share price delivered an impressive 101% return in 2021 and was the best performing bank among VEIL's bank holdings. The strong rally was driven partly by the finalisation of the strategic placement of 49% in FE Credit, its consumer finance arm, to SMBC Consumer Finance Co. Ltd. The deal helped unlock significant value in FE Credit that has now been priced into VPB's share price. Fundamentally, 2021 has not been the strongest year for VPB due to the COVID-19 impact on the consumer finance business. On a consolidated level, VPB's Provisioning Operating Profit ("PPOP") was up 21% but a surge in provisioning expense (up 31% yoy) ultimately brought NPAT-MI growth to just 13% yoy. The parent bank remained the bright spot with Pre-Tax Profit ("PBT") of the parent bank alone up 89% yoy. Given the focus on the parent bank going forward, and in addition to the capital raised from the FE Credit placement, more exciting growth numbers are expected in the coming years.

ACB also had a great 2021 with the share price rising 55%. Well-known in the sector as one of the banks with the best quality assets, ACB finished 2021 with a NPL ratio of just 0.8% and more than 209% in Loan-Loss-Reserves ratio, reflecting the conservative nature of the bank. The bank delivered a 30% increase in NII and a 29% increase in Non-Interest Income in 2021. NIM continues its expanding trend to 4.0% from 3.7% in 2020 thanks to a rising CASA ratio which reached 25% by the end of 2021, the highest CASA ratio achieved for the Bank. PPOP rose 46% yoy, though similar to TCB, ACB has mostly provisioned for all of its restructured loans under COVID-regulation with little risk of a spill-over effect into 2022. As a result, provisioning expense surged 2.5x in 2021 which resulted in NPAT-MI growth of 25% for the year. Given the foundations ACB have laid down in 2021, investors are looking forward to more exciting growth in 2022. As VEIL's longest bank holding at 25 years, ACB offers a unique opportunity in the banking sector that continues to be well balanced between growth and a lower risk profile.

Graph 3: Cumulative Performance (% in US\$ terms)



Source: Dragon Capital, Bloomberg

3. Portfolio Manager's Report (Continued)

The Real Estate sector also had a strong 2021 as the gradual ramp up in infrastructure throughout the year started unlocking value for land banks that had previously been dormant. Of VEIL's property holdings, Dat Xanh Group ("DXG") had an exceptionally strong year with a 155% share price increase after a tough 2020. The company posted all-time high Net Sales of US\$441 million, up 249% yoy, and NPAT-MI of US\$51 million from a loss of US\$22 million in 2020, back to pre-pandemic earnings levels. The rebound in earnings in 2021 was on the back of handovers from the Gem Sky World project, whilst major progress was made at Gem Riverside (over 3,100 units) that could see DXG re-launch the project in the first half of 2022. Given the time lapsed and the property price appreciation since the first launch (2018), DXG is likely going to target a higher end segment for the relaunch which would boost the overall profit of the project. During the last two years, whilst COVID-19 restrictions have made progress in sales difficult, DXG has been active on acquiring more land banks, especially in the Binh Duong area. Over the next few years, DXG is in a great position to launch 20-30 hectares of new projects in the Ho Chi Minh City and Binh Duong areas that could secure solid earnings growth for the company for the next 3-5 years.

A theme that had emerged during 2020 and continued to gather momentum into 2021 was the Industrial Park sector. Beside Becamex IDC ("BCM"), the biggest industrial park developer in the Binh Duong area, which rose 60% during the year, VEIL also bought into Kinh Bac City ("KBC"), one of the biggest private developers in the Industrial Park sector. KBC has been one of the more impressive turnaround stories in the last five years. The company has long been known for its vast land banks in great locations but uneven execution due to various factors, not least the stringent legal environment over the last five years. 2021 saw the breakthrough in many aspects of its business including the revival of the Trang Cat project, a 600 hectare urban zone that was more than a decade in the making. The company also posted Net Sales of US\$187 million in 2021, up 97% yoy, whilst its Net Earnings After Minority Interest were US\$34 million, up over 2.5x yoy. In its most recent Extraordinary General Meeting, KBC guided 2022 Net Sales of US\$426 million, up 120% yoy, and Net Earnings of US\$196 million, up 3.7x yoy, underlining the bright outlook of the company once their assets have been unlocked.

Table 3: Major Sector Return and Contribution

Sector	Portfolio return	VN Index return	Portfolio contribution
	%	%	%
Banking	49.3	41.6	16.5
Real Estate & Construction	44.2	41.4	11.7
Materials & Resources	54.0	68.3	6.9
Retail	74.5	78.5	5.8
Software & Services	88.2	85.8	3.4
Diversified Financials	126.8	117.4	2.0
Capital Goods	151.3	50.9	1.3
Consumer Durables & Apparel	22.1	61.3	0.5
Energy	15.3	14.5	0.0

Source: Dragon Capital, Bloomberg

Table 4: Source of Income (US\$)

	Year to 31 December 2021	Year to 31 December 2020
Bank interest income	22,395	19,145
Dividend income	7,505,712	7,762,121
Net changes in fair value of financial assets at fair value through profit or loss	721,527,436	346,398,761
Gains on disposals of investments	157,569,945	8,972,704
Total	886,625,488	363,152,731

Source: Dragon Capital

3. Portfolio Manager's Report (Continued)

VEIL's representative in the consumer sector, Mobile World Group ("MWG"), the biggest retailer in the country had a great 2021, as its share price soared 74%. 2021 was anything but straightforward for a retailer such as MWG. The country's extended period of lock-down enticed retailers to get creative and utilise unconventional approaches to serve their customers, something that MWG's Bach Hoa Xanh (Green Grocery, "BHX") achieved tremendously well. Once the restrictions were lifted, however, the pent-up demand in the economy meant both the mobile phone and consumer electronics segments were able to deliver exceptional results in the fourth quarter of 2021. Even with nearly half a year operating under severely restricted operations, MWG was still able to deliver 13% Net Sales growth and 25% in NPAT-MI growth in 2021 compared with 2020. The unique conditions in 2021 also provided plenty of opportunities as a number of smaller players in various segments were wiped out, at the same time, increasing the availability of well-located commercial space. Following the lock-down period, MWG started to pilot programmes for several new segments such as AVAKids for mom-and-kid products, AVASports for sporting goods, AVAFashion for apparel products and a renewed focus on An Khang Pharmacy. The chairman of MWG recently shared his vision for 2022: beside the on-going expansion and refining the traditional segments of mobile phone and consumer electronics, BHX is expected to slow its expansion to focus on efficiency and profitability. The chairman also left the door open for a potential pre-IPO/IPO opportunity at BHX which could unlock substantial hidden value for MWG.

Last, but not least, was the Software & Services sector which, for VEIL, is represented by FPT Corp ("FPT"), one of Vietnam's leading tech companies. The share price rallied 87% in 2021 with a considerable rerating reflecting improved investor sentiment and a much-improved Investor Relations programme. Fundamentally, the company was still able to maintain its double-digit growth with top line growth of 20% yoy and bottom line 23% yoy in 2021. The top line growth was underpinned by strong corporate digital transformation demand both from US/APAC and domestic markets (up 23% yoy), as well as a solid Telecom's business (up 11% yoy) and an increasingly exciting Education business (up 43% yoy). In its latest guidance, FPT shared that the company is well positioned to deliver similarly good numbers for 2022 if not better.

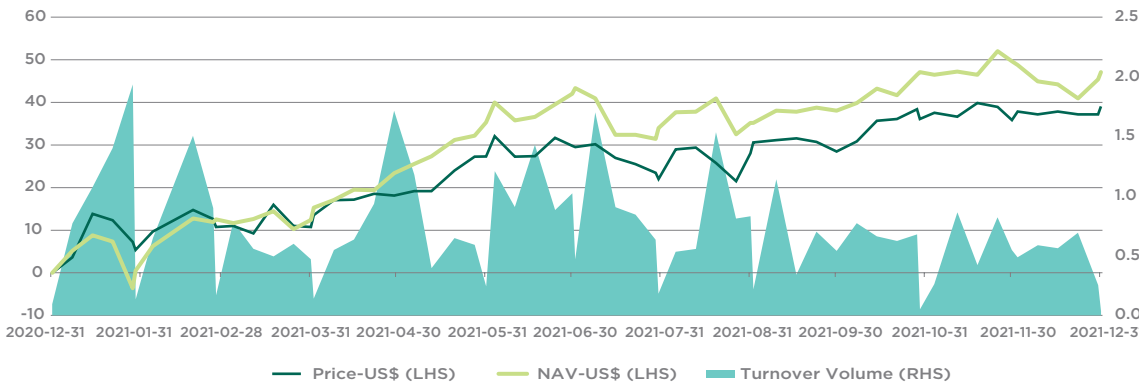
Table 5: Ten Year Record

		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total net assets	US\$m	400.85	473.78	512.94	792.65	974.80	1,553.28	1,440.02	1,474.62	1,799.69	2,606.98
Total net assets	GBPm	n/a	n/a	n/a	n/a	788.91	1,148.24	1,130.67	1,113.13	1,316.57	1,924.75
NAV per share	US\$	2.38	3.07	3.40	3.59	4.41	7.06	6.56	6.76	8.30	12.21
NAV per share	GBP	n/a	n/a	n/a	n/a	3.57	5.22	5.15	5.10	6.07	9.01
Share price	US\$	1.91	2.47	2.82	2.99	n/a	n/a	n/a	n/a	n/a	n/a
Share price	GBP	n/a	n/a	n/a	n/a	2.96	4.42	4.57	4.745	5.45	7.65
Earnings per share	US\$	0.40	0.64	0.32	0.15	0.82	2.64	(0.50)	0.20	1.52	3.90
Discount to NAV	%	(19.75)	(19.54)	(17.06)	(16.71)	(17.09)	(15.27)	(11.26)	(6.96)	(10.21)	(15.09)

Source: Dragon Capital

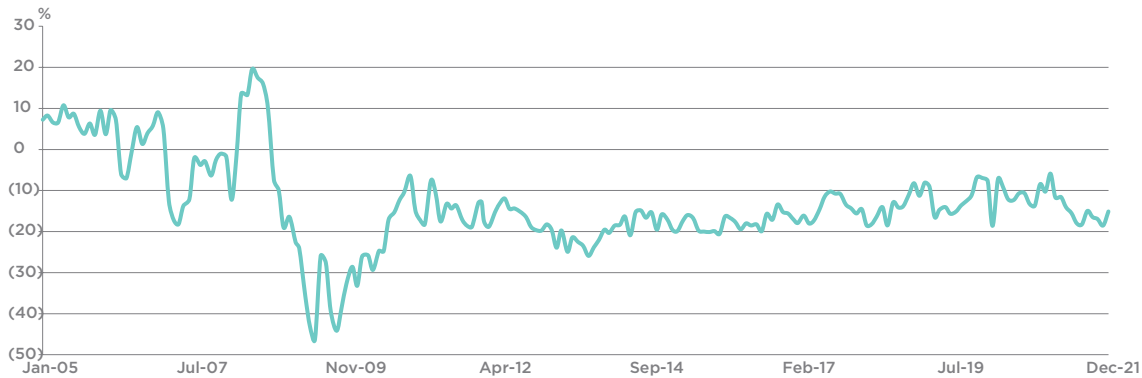
3. Portfolio Manager’s Report (Continued)

Graph 4: Share Price & NAV



NAV and share price are based on US\$.

Graph 5: Discount/Premium to NAV (%)



Source: Dragon Capital

3. Portfolio Manager's Report (Continued)

Table 6: Performance

	31 December 2021	31 December 2020
Total net assets (US\$)	2,606,977,922	1,799,691,203
Total net assets (GBP)	1,924,750,049	1,316,574,898
Number of outstanding shares	213,533,847	216,935,108
NAV per share (US\$)	12.21	8.30
NAV per share (GBP)	9.010	6.07
Share price (GBP)	7.65	5.45
Discount to NAV (%) ¹	(15.1)	(10.21)
GBP/US\$ exchange rate	1/0.738307	1/0.731556
Ongoing charges (%) ²	1.89	2.13

¹ Following the listing on the London Stock Exchange, the share price is quoted in GBP only.

² Calculated as operational expenses divided by average NAV for the year. Ongoing charges have been prepared in accordance with the Association of Investment Companies ("AIC") recommended methodology.

	31 December 2021	31 December 2020
	%	%
NAV returns (US\$)	44.86	22.04
NAV returns (GBP)	46.19	18.28
Share price returns (GBP)	40.37	14.86
VN Index (price return - VND terms)	35.73	14.87
VN Index (total return - US\$ terms) ³	39.00	17.40

³ Source: Bloomberg

Table 7: Period's High and Low

	Year to 31 December 2021		Year to 31 December 2020	
	High	Low	High	Low
NAV per share (US\$)	12.62	8.00	8.30	4.47
NAV per share (GBP)	9.47	5.83	6.07	3.60
Share price (GBP)	7.80	10.48	5.56	3.27

Source: Dragon Capital, London Stock Exchange

3. Portfolio Manager's Report (Continued)

Outlook

With a large part of the world, including Vietnam, now vaccinated, the yearning for a sense of normalisation is perhaps even more than it was a year ago. Undoubtedly, potential new variants of the COVID-19 virus may complicate matters but the desire and the determination of nations that have a highly vaccinated population to get back to normal life is high. A stimulus package of US\$15 billion has been put together in order to jump start the Vietnamese economy with a target of 6.0-6.5% GDP growth this year. Despite global macroeconomic headwinds in the form of surging inflation, a disruptive supply chain and an environment in which Central Banks are looking to tighten monetary policies, Vietnam's solid macroeconomic position remains steadfast. Inflation is relatively low compared with the West and the State Bank of Vietnam is likely to continue its accommodative monetary policy to support the economy. With steady FDI and a surplus trade balance, foreign exchange is expected to be stable. The key focus domestically is now, perhaps, on the roll-out of the infrastructure spending programme. An effective implementation could help Vietnam get back to pre-pandemic GDP growth of 7.0%, if not more.

Looking back at the 2020-2021 period during which almost all aspects of life and business were heavily disrupted, Dragon Capital Group's (the "Group's") top-60, which accounts for 60% of the VN Index market cap, continued to deliver very competitive EPS growth of 5.6% in 2020 and 42% in 2021. This helped to keep the Group's top-60 within a very reasonable range between 13.0-15.0x earnings in the last two years, despite the VN Index continuing to hit new all-time highs. Against this macro backdrop, we continue to see our positions in the three interlocking sectors of Banking, Real Estate and Materials & Resources doing well around the infrastructure investment theme. In contrast, Retail and Software & Services are still a great way to play the Consumption theme that is expected to rebound strongly as the "re-opening" economy accelerates. Given the current level of the index and the opportunities in the market, we expect 2022 to be a good year for deal-making activities, a historical strength for the Fund. VEIL has anchored most of the biggest IPOs and capital raising exercises in Vietnam in the last ten years and we are actively looking for the next market leader in our deal pipeline.



Vu Huu Dien
Portfolio Manager
Vietnam Enterprise Investments
Limited
28 April 2022



Portfolio Manager

Vu Huu Dien

Dien has a master's degree in Business and Information System co-granted by the Solvay Business School of ULB (Bruxelles, Belgium) and the Ho Chi Minh City Open University. In 2000, he joined Dragon Capital as a senior analyst and later was promoted to Head of Corporate Finance and then Co-Manager of Vietnam Enterprise Investments Limited ("VEIL"), Vietnam Growth Fund Limited ("VGF") and Vietnam Dragon Fund Limited. Since 2010, he is the Portfolio Manager of VEIL and, in 2015, VGF was merged into VEIL, making VEIL the largest Vietnam-focused investment fund. He is also a Deputy CIO, leading Dragon Capital's deal origination group and helping the CIO oversee the investment team.

4. ESG and Climate Change Report

ESG - OUR JOURNEY

Responsible Investment Policy

As a long-term investor committed to sustainability, all investments made by Vietnam Enterprise Investments Limited (“VEIL”) are subjected to a rigorous environmental, social and governance (“ESG”) screening process adopted by Dragon Capital Group (the “Group”).

2022 will mark the 20th year since the Group first implemented its ESG Policy. Since the implementation of the initial policy that simply reflected the desire to invest responsibly and sustainably in Vietnam, the ESG Policy has gone through seven revisions over the last 20 years.

The most crucial revision was, perhaps, the formal establishment and implementation, in collaboration with the International Finance Corporation (“IFC”), of an ESG Management System (“ESMS”) in 2016, that today, has become central to every aspect of VEIL’s investment process.

ESG Management System, Procedure and Updates

The ESMS involves a 10-step ESMS screening procedure, which includes:

- (1) a pre-screening check against an exclusion list and to identify high-risk areas;
- (2) 43 in-depth questions to assess the company’s E&S performance in accordance with the IFC’s eight Performance Standards; and
- (3) a post-investment monitoring and engagement process.

Expanding the ESG Core Team

The process is overseen by the ESG Core Team, which consists of a cross-section of senior members of the Group, supported by the Research Team. In recognition of the increasingly complex ESG challenges facing the investment world today, the team is looking to expand the ESG Core Team with the addition of dedicated ESG personnel.

The incoming ESG managers will be tasked with expanding the team’s knowledge, identifying key trends in international ESG standards and ensuring compliance by all investments made by VEIL.

Further Integrating ESMS Into the Investment Process

Having integrated the ESMS into the Group’s internal systems at the time of its inception, allowing the ESG Core Team to monitor the compliance of all investments made by VEIL, the ESG Core Team has further integrated the ESMS into the newly-established internal knowledge database.

The new integration allows VEIL’s Portfolio Manager to efficiently manage and track all existing and prospective investments, and to keep a record of previous incidents and engagements in one centralised database.

Upgrading the ESMS

It has been five years since the introduction of the ESMS and the ESG Core Team has decided that now is the right time to incorporate all the experiences and lessons of the last five years into upgrading the current ESMS.

The new system is expected to better address key areas of focus in the current ESMS framework whilst streamlining other areas that are rarely triggered for VEIL’s investees.

Establishing an ESG Rating at VEIL Portfolio Level

A new initiative trialled in 2021 is a system that extrapolates the current individual ESG rating of each of VEIL’s investees into a rating for the portfolio as a whole. This process allows VEIL’s Portfolio Manager to have an overall view of the ESG risk at portfolio level and highlights areas that require particular focus and monitoring in terms of E&S risk.

As the ESG Core Team works to upgrade the current ESMS, a system that evaluates the E&S risk at portfolio level will be developed as well as enhancing the existing process for screening individual companies.

Scoring the Unscored: The Banking Sector

The current ESMS screening procedure was originally established to evaluate the E&S risks of non-financial enterprises in Vietnam. Overtime, the ESG Core Team has increasingly recognised the need to find a framework in order to evaluate the financial sector and, specifically, the Banking sector, which is the biggest sector in the Vietnam Index.

A screening process has been established which references different frameworks, including the Sustainable Banking Assessment (“SUSBA”) by WWF, the Group’s current ESMS Toolkit by IFC, and ESG disclosures by Global Banks such as HSBC, MUFG, Wells Fargo and Citibank.

Trial screenings have been carried out and the performance of the banks will be monitored in order to help the ESG Core Team refine the current process before incorporating it into the new ESMS.

4. ESG and Climate Change Report (Continued)

Active Ownership

Active ownership has been a key element of VEIL's and the Group's approach to promoting good corporate governance and safeguarding its shareholders interests. The three main components of the ESG Core Team's active ownership strategy are: advocacy, voting rights and engagement.

Advocacy

Policy advocacy is essential for responsible investors, and a key to strengthening the stability and integrity of the financial sector and delivering wider economic benefits. The Group has been at the forefront of investor initiatives to encourage corporate sustainability, transparency and accountability, and is involved in dialogue with policy makers on legislation for capital markets, renewable energy and ESG practices.

One of the biggest challenges to ESG practices in Vietnam is the lack of awareness from local businesses, companies and regulators. To address this, the Group has been a keen and a long-term advocate for the promotion of ESG awareness and adoption in Vietnam.

The advocacy efforts of the ESG Core Team have ranged from: (1) organising workshops and seminars to improve knowledge and understanding of ESG; to (2) promoting disclosure and transparency via its sponsorship of the Annual Report Award from 2008 until its transformation to the Listed Company Award in 2017; to most recently (3) a submission to the State Securities Commission (SSC), the governing body of capital markets in Vietnam, for the consideration of mandatory disclosure of greenhouse gas emissions by public companies in Vietnam.

In May 2021, the Vietnam Business Forum (VBF) made the decision to establish the Environmental Working Group ("EWG"). The objective of the EWG is to examine the effects of environmental issues on businesses in Vietnam and make suggestions on how the Government and businesses can work together to address those matters for the benefit of Vietnam, including its businesses, people and animals. The Group has been an active member of the EWG. In August 2021, the Group provided its comments and suggestions on draft government legislation relating to environment protection and natural resource use.

The Group is a member and a sponsor of several leading local and international initiatives for the promotion of sustainability and governance. The full list can be found in Table 1 on pages 15.

Voting Rights

Within the ESG framework, the exercising of voting rights is one of the primary tools for VEIL to ensure its interest and those of its investees are aligned and well-protected. The Group diligently and prudently votes on behalf of VEIL at all shareholder meetings called by its investees, whether general or extra-ordinary.

One new feature of the voting process, that has become prominent in the last two years due to the COVID-19 pandemic is e-voting, and the Group similarly ensures that all of its e-votes are registered adequately.

Engagement

The Group believes that it has a fiduciary responsibility to actively monitor and engage with the companies in which VEIL invests.

For the Group and VEIL, engagement is another primary and essential tool within the ESG framework to influence investee companies to take positive steps toward improving ESG practices and disclosures. The ESG Core Team maintains a dialogue with all of VEIL's investee companies on a regular basis.

Through frequent conversations and discussions with senior management of VEIL's investee companies, the Group shares its views on, and experience of, company business strategy and development, mergers and acquisitions, operation performance, remunerations, ESG issues and general risk management, as well as more specific and topical issues such as climate change.

For serious incidents which require more detailed engagement, the Group may engage specialist service providers to contribute their expertise. In such cases, the Group sets engagement objectives based on the particular issues and circumstances of the investee company, and where such companies fail to meet the appropriate standards (and/or represent a risk to shareholder value), the Group works to encourage and guide improvement.

Table 2 on page 16 to 17 sets out some examples of engagements through in-house-led discussions in 2021.

4. ESG and Climate Change Report (Continued)

Table 1: List of Leading International and Local Organisations

 <p>IIGCC Institutional Investors Group on Climate Change</p>	<p>Institutional Investors Group on Climate Change (“IIGCC”)</p>	<p>Member Since 2010 IIGCC is an investor network on climate change; the group works with business and policy makers, as well as investors to help mobilise capital for the transition to a more sustainable economy.</p>
 <p>ACGA</p>	<p>Asian Corporate Governance Association (“ACGA”)</p>	<p>Member Since 2010 ACGA is an independent organisation dedicated to implementing effective corporate governance practices throughout Asia. ACGA believes that good governance is fundamental to the region’s economies and capital markets.</p>
 <p>PRI Principles for Responsible Investment</p>	<p>Principles for Responsible Investment (“PRI”)</p>	<p>Member Since 2013 The Group believes that joining UN PRI as a signatory highlights its ongoing commitment to the promotion of a more sustainable financial system. It also helps the Group’s professionals to engage with and learn from their peers about the challenges related to ESG.</p>
 <p>Nexus for development</p>	<p>Nexus for Development</p>	<p>Member Since 2013 Nexus for Development drives access to finance in developing economies across Asia to increase sustainable energy and water resource development, advance climate positive solutions, and scale local implementers.</p>
 <p>VIOD VIETNAM INSTITUTE OF DIRECTORS</p>	<p>The Vietnam Institute of Directors (“VIOD”)</p>	<p>Member Since 2018 Established in 2018 VIOD aims to advance board professionalism, promote business ethics and transparency, create a pool of independent directors, build a network to connect corporate leaders and stakeholders, and help companies gain investor confidence.</p>
 <p>UNIVERSITY OF EXETER</p>	<p>Dragon Capital Chair in Biodiversity Economics at the University of Exeter</p>	<p>Appointed in May 2020 The creation of the “Dragon Capital Chair in Biodiversity Economics” will look to address the central question of whether there is any correlation between biodiversity and the success of the economy and whether individuals and organisations can, and should, place an economic value on biodiversity.</p>
 <p>iPONRE Viet Nam</p>	<p>Institute of Strategy Policy on Natural Resources and Environment (“ISPONRE”)</p>	<p>Strategic agreement to strengthen biodiversity since 2019 Undertakes the E&S valuation of Ca Mau’s wetland and Pu Mat national park that demonstrates the economic value of biodiversity and the consequences of their degradation. Thus, advocating for mainstreaming considerations for the conservation and restoration of biodiversity and ecosystems values.</p>
 <p>VIETNAM LISTED COMPANY AWARDS</p>	<p>Vietnam Listed Company Awards (“VLCA”)</p>	<p>Co-organiser and sole sponsor since 2008 VLCA was initiated in 2008 by the Group. VLCA has been co-organised by the Ho Chi Minh Stock Exchange, the Hanoi Stock Exchange, the Vietnam Investment Review and the Group. Since 2013, a further ESG awareness push, ARA’s organisers have launched a more general industry-wide initiative in the form of the Sustainability Reporting Awards and Best Corporate Governance Awards.</p>

4. ESG and Climate Change Report (Continued)

Table 2: Sample of Engagement Report

Company	Industry	Issue	Details of engagement	Decision and outcome
Company A	Steel	<p>In May 2021, Company A announced the acquisition of an iron ore mine in the Roper Valley, Australia, which posed an E&S risk.</p> <p>The open-pit, 20-year life iron ore mine has large reserves (300MT) ranging in low grade ore 56-58%. Reserve potential will be explored for one year and then production is expected to commence in 2022.</p>	<p>Desktop research on the Roper Valley iron ore mining project using the previous owner's notice of intent document conducted by the environmental consulting agency.</p> <p>Phone interview with Company A's CEO to address the Group's ESG concerns and to request the ESMS report submitted to Australian Government (10 June 2021).</p> <p>the Group advised Company A's Chairman and CEO on the promotion of ESG practices and public communication of sustainability to the market.</p>	<p>The Group's key findings on E&S potential impacts and proposed mitigation measures covered following aspects:</p> <ul style="list-style-type: none"> • Surface Water • Ground Water • Biodiversity & Threatened Species • Historic & Cultural Heritage • Social & Economic • Noise & Vibration • Air Emissions <p>Positive: Company A's management openly discussed with the Group and the Group's comments were well-received.</p>
Company B	Real Estate	<p>Concerns over Company B's capital raising plans via private placements:</p> <ul style="list-style-type: none"> • Ambiguity on pricing • At significant discount rate (20-30%) to market price 	<p>As this would impact minority shareholders' value, the Group raised concerns and proposed alternative plans to Company B's management to mitigate governance issues while making sure that Company B could still raise capital for its business expansion.</p>	<p>The Group suggested a minimum price based on peers' and Company B's own historical valuations; the Group does not accept the minimum price to be lower than book value in any scenario and voiced its strong opinion on this.</p> <p>Positive: The Group's proposals were well-received by Company B's management.</p>
Company C	Real Estate	<p>Concerns over Company C's capital raising plans via private placements:</p> <ul style="list-style-type: none"> • Ambiguity on pricing • At significant discount rate (20-30%) to market price 	<p>As this would impact minority shareholders' value, the Group raised concerns and proposed alternative plans to Company B's management to mitigate governance issues while making sure that Company B could still raise capital for its business expansion.</p>	<p>The Group suggested a minimum price based on peers' and Company B's own historical valuations; the Group does not accept the minimum price to be lower than book value in any scenario and voiced its strong opinion on this.</p> <p>Positive: The Group's proposals were well-received by Company B's management.</p>

4. ESG and Climate Change Report (Continued)

Company	Industry	Issue	Details of engagement	Decision and outcome
Bank A	Banking	E&S assessment for banking sector	<p>In 2021, the Group developed an E&S assessment for the banking sector based on the SUSBA framework and by referring to many global banking ESG reports (including HSBC, Wells Fargo, Citibank, MFUJ etc.)</p> <p>The Group conducted interviews with both state-owned commercial banks (“SOCBs”) as well as private banks in Vietnam to study their E&S risk management systems.</p> <p>While the SOCBs will need more time to construct E&S management systems, private banks are ahead of the curve and particularly Bank A.</p>	<p>The E&S risk management system used in Bank A’s credit extension activities was built in 2016 in accordance with IFC standards and with the support and advice of experts from the IFC. According to the E&S risk management policy in Bank A, all projects are classified and assessed for E&S risk before granting credit. For projects that are sensitive or have serious E&S risks, Bank A applies the following principles in turn:</p> <ul style="list-style-type: none"> • In-depth evaluation of E&S; Require the establishment of an E&S Action Plan and implementation of effective risk prevention solutions; Increased frequency of post-disbursement monitoring on E&S compliance. • Refusing to grant credit if the loan does not meet Bank A’s E&S hedging conditions. • So far, no limit yet for coal fired power plants but coming guidance would apply no credit limit to this segment. <p>In 2021-2025, Bank A will also focus on developing green credit and social credit (for example, credit for women-owned enterprises). Currently, green loans make up 3.5% of Bank A’s loan portfolio.</p> <p>In August 2021, the German Organization for International Cooperation (GIZ) implemented an action plan to help the banking sector in Vietnam build capacity to identify, assess and disclose gas risks and opportunities, in accordance with TCFD standards. Bank A has been selected as one of the pilot banks for this project, to be directly involved in climate risk assessment tools and opportunities as well as exploring climate impact studies in Vietnam. Training activities were carried out and completed by the end of December 2021. Having receiving received the relevant training and experience, Bank A will develop a roadmap to disclose climate-related financial risks.</p> <p>Positive: Bank A’s management has openly discussed E&S assessment with the Group and, in the Group’s opinion, Bank A is proactive and ahead of its peers in constructing E&S management system.</p>

4. ESG and Climate Change Report (Continued)

Assessing and Understanding the Impact of Climate Related Risks

Governance and Strategy

Climate change has progressively become a central topic in ESG discussions. The Board of Directors of VEIL recognises the importance of understanding of the challenges posed to Vietnam, its economy, businesses and communities by climate change and has appointed a Board member, Entela Benz-Saliasi, who is a specialist in the subject with noted credentials.

In continuation from last year, the Board has chosen to follow the recommendations of the Task Force on Climate-Related Financial Disclosure (“TCFD”), which include four pillars: Governance, Strategy, Risk Management and Metrics & Targets. TCFD remains in favour with regulatory support in the UK (where VEIL is listed) and Hong Kong (where the Investment Manager is regulated).

In order to meet the complexities of, and the rising focus on, climate change, the Group has elected to retain the service of a third-party specialist, Intensel Limited (“Intensel”), to continue its analysis of the impact of climate change on VEIL’s portfolio.

The subscription to Intensel’s Software-as-a-Service (“SaaS”) will allow the ESG Core Team to perform an analysis of the impact of climate change on VEIL’s portfolio on an on-demand basis, both periodically and at any time there are changes to the investees in the portfolio. SaaS customisation feature also allows for greater accuracy of the analysis.

The assessment of ESG risks in the portfolio has become a regular agenda item for the Board’s discussions since 2021. The key assumptions and findings in relation to VEIL’s portfolio as at the end of 2021 are discussed in the sections below.

Climate Assumption

A fundamental debate when it comes to climate change has been the projected pathway of the impact of climate change under different scenarios.

Representative Concentration Pathways (“RCPs”) are greenhouse gas concentration trajectories adopted by the IPCC and used in the IPCC’s Fifth Assessment Report. The RCPs describe four scenarios in which the Earth’s climate might change in the future, for climate research and modeling purposes.

The four RCPs range from very high (“RCP 8.5”) through to very low (“RCP 2.6”) future concentrations and are defined by their total “radiative forcing” values in the year 2100.

The three scenarios that have been chosen for VEIL’s analysis are:

- (1) RCP 8.5: otherwise known as the Business as usual (“BAU”) scenario. Under this scenario, it is assumed that there will be no change to current behaviours and, as a result, no nation will meet its Nationally Determined Contributions (“NDCs”) under the Paris Agreement. Thus, RCP 8.5 effectively provides a worst-case scenario impact assessment. In this scenario, global temperature is expected to rise around 4 degrees by 2100.
- (2) RCP 4.5: the intermediate stabilisation pathway. Under this scenario, global temperature is expected to rise around 3 degrees by 2100.
- (3) RCP 2.6: the very stringent pathway. Under this scenario, global temperature increases are expected to keep below 2 degrees by 2100.

Risk Management

Under TCFD recommendations, the two primary climate-related risks are “Physical Risk” (extreme weather conditions) and “Transition Risk” (regulatory and carbon). As a developing country, the NDC committed to by Vietnam under the Paris Agreement is much less onerous than those of more developed countries. As such, Transition Risk is less of an issue for Vietnam than Physical Risk.

In the following sections, both Risks will be assessed following the TCFD’s guidance that at least one of the following three sets of metrics should be disclosed: Implied Temperature Rise, Climate Value at Risk (“VaR”) and Weighted Average Carbon Intensity (“WACI”).

Physical Risk

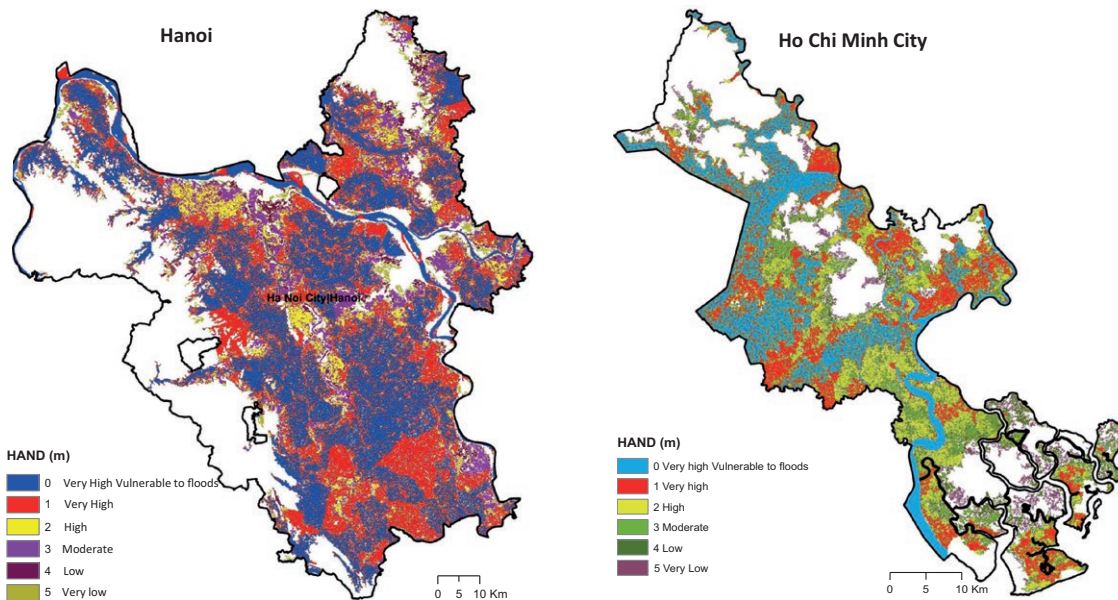
Vietnam’s geographical features, being located close to the equator and having a long coastline with rapid urbanisation in the Mekong Delta, mean the country is susceptible to a number of extreme weather conditions: (1) river flooding; (2) rainfall floods; (3) storm surges; (4) typhoons; and (5) extreme heat.

For its analysis of Physical Risk, the Group evaluates the potential VaR of the physical assets that, which are most critical to the operation of VEIL’s investees under different RCP scenarios in the target period 2030-2050. This exercise gives the Group an insight into the potential damage each weather event would have on these assets and VEIL’s investees.

Physical Risk assessment is particularly relevant for VEIL due to its investees’ high concentration of business operations in two main cities : Hanoi and Ho Chi Minh City. Both are at high risk of flooding (from river, rainfall and storm surge) with 69% of Hanoi and 61% of Ho Chi Minh City considered low-lying.

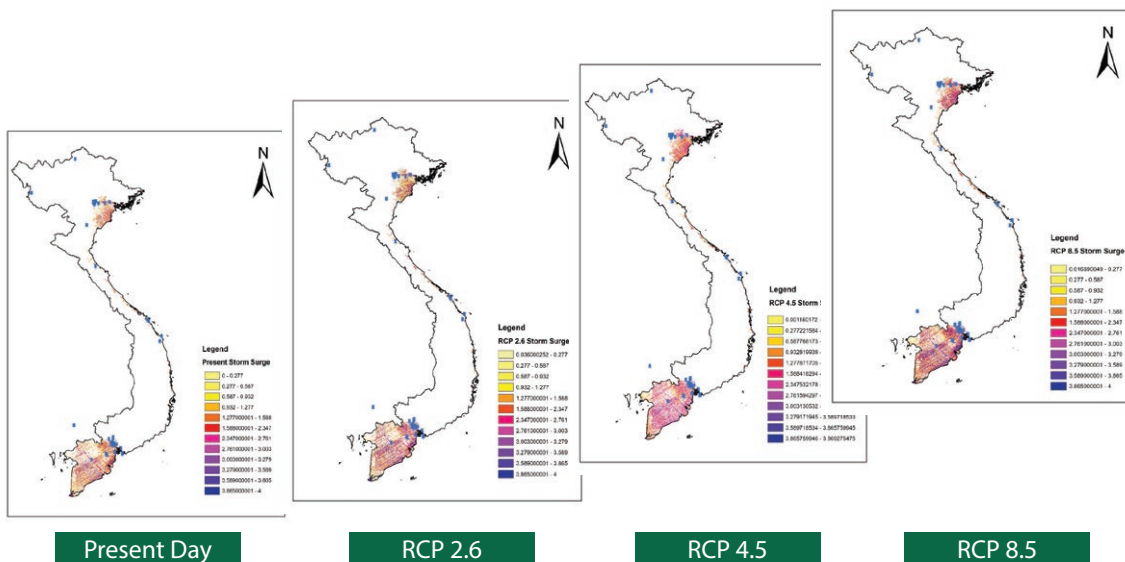
4. ESG and Climate Change Report (Continued)

Chart 1: River Flooding and Rainfall Flood Risk in Hanoi and Ho Chi Minh City



(Source: Intensel)

Chart 2: Areas around Hanoi and Ho Chi Minh City Most Affected in the Event of Storm Surge

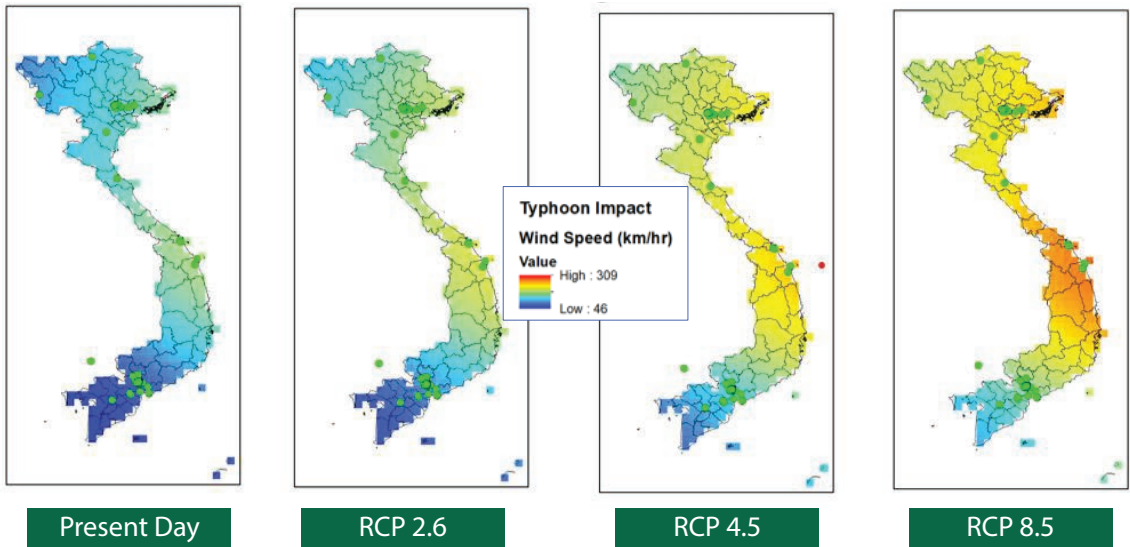


(Source: Intensel)

4. ESG and Climate Change Report (Continued)

Additionally, one of VEIL’s top-5 investments also has its main production facility in Central Vietnam, which is highly vulnerable to the increasing risk of typhoon damage. The current model predicts a potentially high risk of typhoon for the central area under RCP 4.5 and 8.5, including up to Category 5 levels of wind speed.

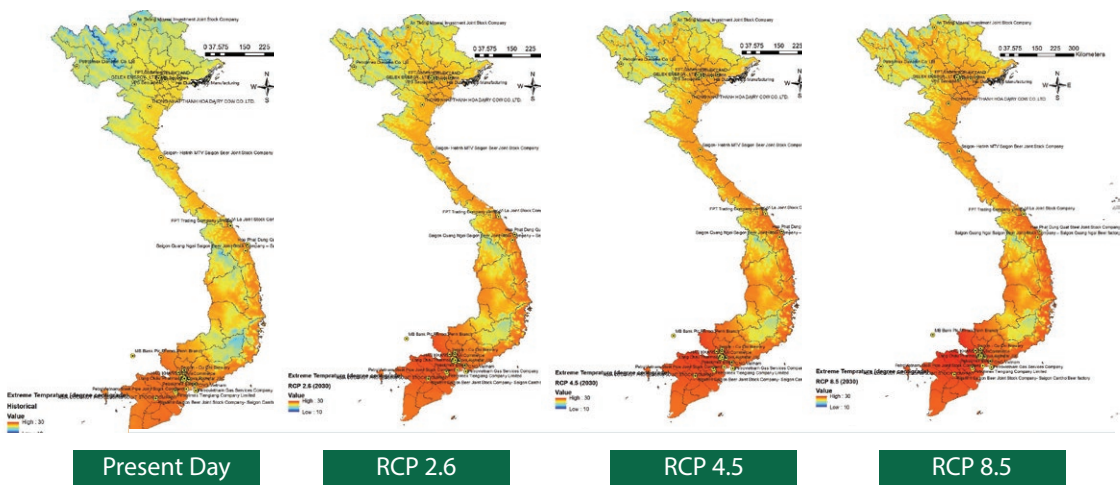
Chart 3: Areas of Central Vietnam At Highest Risk of Typhoon Damage



(Source: Intensel)

Given its close proximity to the equator, Southern Vietnam is the area most exposed to extreme heat events; however, under RCP 4.5 and 8.5, the rising temperature by the year 2050 is also expected to have a material effect on assets in Central and Northern Vietnam.

Chart 4: Areas of Southern Vietnam At Most Exposed to Extreme Heat Events

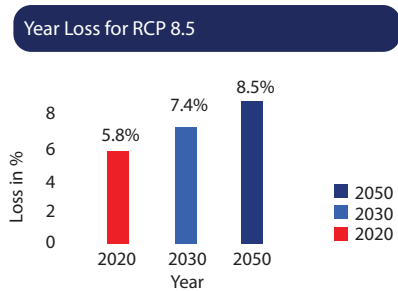


(Source: Intensel)

4. ESG and Climate Change Report (Continued)

Under a RCP 8.5 scenario, the current model predicts that up to 7.4% of value of the physical assets (tn The Group’s assessment) of VEIL’s investees could be at risk due to the combination of the five extreme weather events analysed above by the year 2030. This figure rises to 8.5% by the year 2050.

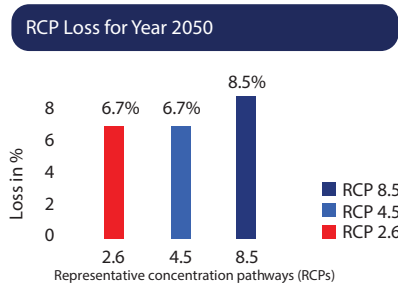
Chart 5: Annual Loss Estimate Under RCP 8.5 by 2050



(Source: Intensel)

Taking 2050 as the year of assessment, the potential Climate VaR for the physical assets (in the Group’s assessment) of VEIL’s investees under scenarios RCP 2.6, RCP 4.5 and RCP 8.5 are 6.7%, 6.7% and 8.5% respectively.

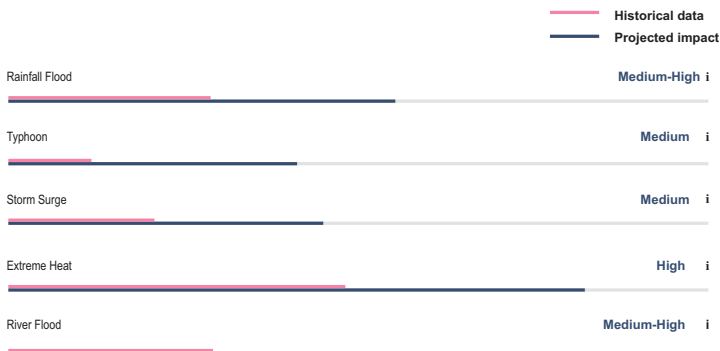
Chart 6: Annual Loss Estimate By 2050 Under Various RCP Scenarios



(Source: Intensel)

Under a RCP 8.5 scenario, all five weather events in the Group’s assessment are expected to pose greater challenges than historical events have ever posed.

Chart 7: Projected Physical Risk Exposure Compares to Historical



(Source: Intensel)

4. ESG and Climate Change Report (Continued)

Transition Risk

Whilst Vietnam remains comfortably on track to not exceed its disclosed NDCs, due to its status as a developing country, the Government recognises the climate change risks facing the country.

Thus, at the 26th United Nation Climate Change Conference, the Prime Minister of Vietnam made a commitment to reach net-zero emissions for the country by 2050.

This announcement shows not only that the Government of Vietnam recognise the challenges it faces but also its determination to transform the economy and to contribute to solve the climate change issue.

Metrics

TCFD recommends that reporting entities disclose management metrics regarding relevant climate-related risks and forward-looking targets.

For the Group and VEIL, both of these remain an immense challenge because of the scarcity of any carbon or climate data disclosures among listed companies in Vietnam. Furthermore, the methodology and the models used to estimate the metrics recommended by TCFD remain relatively new in Vietnam.

In light of the lack of data availability, to assess the Physical Risk, the Group has used the Intensel's SaaS platform that models Earth's Climate using a system of AI-enhanced Numerical Weather Prediction models at asset-level precision. The platform uses an engineering approach and robust financial modelling to convert climate risk into dollar value.

The estimate for 2021 came to US\$91 million, up from US\$55 million last year. The increase was in part due to: (1) the increase in value of the assets under assessment over the last 12 months, thus resulting in a higher estimated loss; (2) the change in composition of the portfolio; and (3) an improvement in data accuracy.

However, relative to the Total Net Assets of the VEIL's portfolio, 2021's figure (3.5% of VEIL's Total Net Assets at the end of 2021) was only 0.5% higher than last year's figure (3.0% of VEIL's Total Net Assets at the end of 2020).

For Transition Risk, by benchmarking VEIL's portfolio companies to similar companies in other jurisdictions, the Group was able to arrive at an estimate of the annual greenhouse gas emissions of the VEIL portfolio.

The figure for 2021 stood at around 115,000 tonnes of carbon dioxide equivalent, nearly 40% less than the previous year's estimate of 190,000 tonnes.

The key difference between the estimates has been (1) a smaller exposure to the Oil and Gas sector in 2021 as compared to 2020; and (2) an improvement in data classification.

Since the last annual report, the carbon credit under the EU Cap and Trade system has steadily increased from US\$52/tonne to US\$80/tonne. So, despite a much smaller estimate of carbon emissions than last year, the theoretical cost of offsetting VEIL's carbon output annually only dropped around 8% to US\$9.20 million compared to US\$9.95 million in 2020.

Weighted Average Carbon Intensity

As carbon metrics disclosures by Vietnamese companies remains a distant goal, other benchmark comparisons drawn from similar companies in other jurisdictions were used to produce an estimated WACI for VEIL, which stands at 110 tCO₂e/\$M.

This is slightly higher than last year's estimate of 97 tCO₂e/\$M; however, it remains only around one third of the same metric published by the MSCI Emerging Market Index (322.9) and less than half of the MSCI Emerging Market ESG Leaders (225.4).

Forward looking target

The Group continues to work with various regulatory bodies on two initiatives: the first being the disclosure of carbon information by listed companies and the second being a process and/or platform, through which carbon credit certifications could be obtained and traded among interested parties.

Carbon Neutrality of Investment Manager

The Group has been carbon neutral for scope one, two and three activities, since 2005. This has been achieved through biogas offset programmes established by the Netherlands Development Organisation and Vietnam's Ministry of Agriculture and Rural Development.

Over the lifespan of the project, 179,583 biogas plants have been built in 55 provinces, benefiting 850,000 Vietnamese users and approximately 485,000 tonnes of CO₂ are reduced annually.

The programme is certified to the Gold Standard of Voluntary Carbon Emission Reductions.

4. ESG and Climate Change Report (Continued)

Notes on Data Sources and Climate Modeling

Disclosure and concrete data accumulation remain the biggest challenges to assessing ESG risk, in general and in particular, climate change risk.

Despite the recent commitments from the Government of Vietnam at COP26, initiatives locally to improve the disclosure of these data have yet to materialise into actual policy.

As a result, the assessment of VEIL's climate-risk exposure remains a best-effort estimate, though it is an important starting point.

The study of potential physical and transitional risks from climate change for the VEIL portfolio was performed by Intensel Limited.

Intensel is a Climatech intelligence firm based in Hong Kong specialising in the assessment of physical and related financial risks of climate change.

Intensel's platform consists of terabytes of climate and socioeconomic data, using peer-reviewed models like RCMs- WRF, GCM data sets, Hec-Ras, Hec-HMS, SLOSH by NOAA, among others, in addition to several credible tapped and untapped satellite sources.

The stress-test scenarios and forward-looking climate analysis to provide a broader range of climate and financial projections on a street (asset) level globally.

Intensel's rigorous methodology remains consistent and adaptable to new datasets, allowing all modelling and output to be globally scalable, while standardised and interregional comparable.

Entela Benz-Saliasi is a director and shareholder in Intensel. The Group is a convertible lender to Intensel.

Biodiversity

IFC Performance Standard 6 (PS6)

Under the current ESMS, all existing and prospective investments are screened for their risk exposure for potential impacts to the existing biodiversity sphere in their existing operation and future expansion.

Dragon Capital Chair in Biodiversity Economics

The Dragon Capital Chair in Biodiversity Economics was established in 2020 at Exeter University in the UK with the aim of researching the link between conventional economics and the growing study of natural capital.

The Chair has four areas of focus: (1) academic research into the measurement of biodiversity; (2) public policy initiatives; (3) financial sector responses; and (4) institutional frameworks.

Institute of Strategy, Policy on Natural Resources and Environment

The Institute of Strategy, Policy on Natural Resources and Environment (ISPONRE) is the core research institute of Vietnam's Ministry of Natural Resources and the Environment.

The Group is sponsoring two projects whose object is to ascertain and validate the value of ecosystem services in two separate locations: a mangrove forest in southern Vietnam and a national park in central Vietnam. The studies were delayed due to the COVID-19 pandemic and results are now expected in 2022.

The Modern Slavery Act 2015

The Modern Slavery Act 2015 (the "Act") requires companies to meet the reporting requirements of Section 54 of the Act and to produce a modern slavery and human trafficking statement.

As an investment fund, VEIL has no direct employees, whilst its supply chain consists mainly of professional services providers and the like. Therefore, the reporting provisions of the Act do not apply to VEIL directly.

Day-to-day management of the investments, including investment decision making, monitoring and divestment, is carried out by the Investment Manager, Dragon Capital Management (HK) Limited, part of the Dragon Capital group.

Nevertheless, VEIL has put a statement on its website to demonstrate its commitment and responsibility, as a FTSE 350 constituent, to the reporting provisions of the Act. The statement can be found on the following website: <https://www.veil-dragoncapital.com/modern-slavery-statement/>.

5. Corporate Governance Statement

Introduction

The Board of Directors is committed to high standards of corporate governance and has put in place a framework for corporate governance which it believes is appropriate for a listed investment company.

Compliance with Corporate Governance Codes

The Board of Directors of the Company has considered the Principles and Provisions of the AIC Code of Corporate Governance (the "AIC Code"). The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the "UK Code"), as well as setting out additional Provisions on issues that are of specific relevance to the Company.

The Board of Directors considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council provides more relevant information to shareholders. The Company has complied with the Principles and Provisions of the AIC Code.

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

Section 172 of the UK Companies Act 2006

The Board is aware of the duty under Section 172 of the UK Companies Act 2006 for directors of UK companies to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- (a) the likely consequences of any decision in the long-term;
- (b) the interests of the Company's employees;
- (c) the need to foster the Company's business relationships with suppliers, customers and others;
- (d) the impact of the Company's operations on the community and the environment;
- (e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly as between members of the Company.

(the "s.172 matters").

Section 172 of the UK Companies Act 2006 is not directly applicable to the Company as a non-UK company. However, in accordance with Provision 5 of the 2019 AIC Code, the Board is required to disclose

how the s.172 matters have been considered in board discussions and decision-making.

The Company maintains a long-term strategy with no employees. The Board and the Investment Manager have adequate and regular shareholder liaison. During the reporting period, the Board and the Investment Manager have taken steps to explicitly use the Company's investments and influence to advocate for a low-carbon, environmentally sustainable and inclusive economy.

This aims to deliver long-term sustainable returns through different aspects including making better decisions by systematically and explicitly integrating environmental, social and governance ("ESG") factors into the investment process. More information on the Company's operations, conduct of business, and fair treatment can be found in the ESG and Climate Change Report on pages 13 to 23.

Listing Rule 9.8.4C

Listing Rule 9.8.4C requires the Company to include certain information in a single identifiable section of this annual report or a cross reference table indicating where the information required in LR 9.8.4 R is set out.

The Directors confirm that there are no disclosures to be made in this regard, other than in accordance with LR 9.8.4(5) and LR 9.8.4(6), the information of which is detailed in Note 10 to the financial statements (under "Directors' fees"), and LR 9.8.4(10), the information of which is detailed on page 41 under "Directors' Interests in Contracts".

Directors

The following were Directors during the year to 31 December 2021 and to the date of this annual report:

- Stanley Chou: Chair
- Gordon Lawson: Senior Independent Non-executive Director
- Derek Loh: Independent Non-executive Director (resigned on 30 June 2021)
- Vi Peterson: Independent Non-executive Director
- Entela Benz-Saliasi: Independent Non-executive Director
- Low Suk Ling: Independent Non-executive Director (appointed on 1 July 2021)
- Dominic Scriven O.B.E: Non-executive Director

As of 31 December 2021, the Board consisted of six Non-executive Directors, five of whom were independent of the Investment Manager, whose individual knowledge and experience provide a balance of skills and expertise relevant to the Company and it was considered that they commit sufficient time to the Company's affairs.

5. Corporate Governance Statement (Continued)

Sarah Arkle, Independent Non-executive Director, was appointed on 5 January 2022. The biographical details of the Directors are provided on pages 37 to 38.

The Chair, Stanley Chou, is non-executive and independent of the Investment Manager. The Chair leads and ensures the effectiveness of the Board in all matters relating to the Company, including receiving accurate and timely information. There is a clear separation of roles and responsibilities between the Chair of the Board, the Chairs of the Committees (the Audit and Risk Committee, the Management Engagement Committee and the Nomination and Remuneration Committee), the Directors, the Investment Manager and the Company's third party service providers.

Dominic Scriven O.B.E is a Director of Dragon Capital Group Limited, the parent of the Investment Manager. He is also a Director of the Investment Manager and acting as the Chairman of the Dragon Capital group. He is, therefore, not an independent Director. There are no Executive Directors on the Board.

Details of the individual board remuneration of Directors and their beneficial interests in the Company as well as details of the Committees and their composition are disclosed in this Corporate Governance Statement. Dominic Scriven O.B.E does not participate in any Committee.

New Directors are provided with an induction programme, which is designed and approved by the Board as a standard procedure. Following the appointment, the Chair reviews and agrees with new Directors their training and development needs covering specific Company matters as well as industry issues.

The Board is supplied, via the Investment Manager, with information to enable the Directors to discharge their duties. The Investment Manager, with the support of the Company's Legal Advisers, provides the Board with regular updates on regulatory issues and on the latest corporate governance rules and regulations.

Directors' Duties and Responsibilities

The Directors have adopted a set of Reserved Powers, which establish the key purpose of the Board and detail its major duties. These duties cover the following areas of responsibility:

- Statutory obligations and public disclosure;
- Strategic matters and financial reporting;
- Board composition and accountability to shareholders;
- Risk assessment and management, including reporting, compliance, monitoring, governance and control;

- Review the portfolio, assess strategy, assess the performance of service providers;
- Act as a point of contact for shareholders, independent of the Investment Manager; and
- Other matters having material effects on the Company.

These Reserved Powers of the Board have been adopted by the Directors to demonstrate clearly the importance with which the Board takes its fiduciary responsibilities and as an ongoing means of measuring and monitoring the effectiveness of its actions.

The Board meets at least quarterly. Each meeting is attended by representatives from the Investment Manager. Representatives from the Investment Manager are also in attendance at relevant Committee meetings if requested by the Committee Chairs. Open, constructive debate and discussion is encouraged by the Chair of the Board and each Committee's Chair to ensure that the best interests of the Company are maintained.

The Board has standing agenda items for its quarterly scheduled Board meetings and periodic Audit and Risk Committee, Management Engagement Committee and Nomination and Remuneration Committee meetings to review the Investment Manager's performance, risk management and other matters relating to the operations and regulation of the Company. This includes reviewing the portfolio performance, attribution analysis, contributors and detractors to performance, weightings and portfolio information including purchases and sales, ESG as well as the macro economy and stock market outlook.

The Board also performs a review of the share price performance, the discount and the share buyback policy, as well as credit facilities. The Board sets the overall Company strategy and regularly reviews its progress to ensure that its goals and objectives are being met. The Board continually monitors the share price discount to Net Asset Value ("NAV") daily and exercises its right to buy back shares when the Board considers that it is in shareholders' interests to do so.

The matter is reviewed at each quarterly Board meeting with the Directors receiving updates from the Investment Manager which includes updates from the Company's Corporate Broker.

Board and Committees

The Board has established three committees: the Audit and Risk Committee, the Management Engagement Committee and the Nomination and Remuneration Committee. The responsibilities of the three Committees are described below. Dominic Scriven O.B.E does not participate in any Committee.

5. Corporate Governance Statement (Continued)

On 6 September 2021, the Company announced the reconstitution of the Committees as follows:

Audit and Risk Committee

- Chair: Entela Benz-Saliasi
- Members: Gordon Lawson, Low Suk Ling

Management Engagement Committee

- Chair: Gordon Lawson
- Members: Stanley Chou, Vi Peterson

Nomination and Remuneration Committee

- Chair: Vi Peterson
- Members: Entela Benz-Saliasi, Low Suk Ling

Audit and Risk Committee

The Audit Committee was formed on the listing of the Company on the main market of the London Stock Exchange on 5 July 2016. With effect from 1 July 2018, the Audit Committee was expanded to become the Audit and Risk Committee.

Detailed information on the Audit and Risk Committee can be found in the Report of the Audit and Risk Committee on pages 34 to 36.

Management Engagement Committee

The Management Engagement, Nomination & Remuneration Committee was formed upon listing of the Company on the main market of the London Stock Exchange on 5 July 2016. With effect from 1 July 2018, the Management Engagement, Nomination & Remuneration Committee was split into the Management Engagement Committee and the Nomination and Remuneration Committee.

The Chair of the Management Engagement Committee reports to the Board after each meeting on all matters within its duties and responsibilities. The Management Engagement Committee makes recommendations to the Board as it deems appropriate on any area within its remit where action or improvement is needed.

The Board considers the arrangements for the provision of investment management services to the Company on an on-going basis and a formal review is conducted annually by the Management Engagement Committee which consists solely of Directors independent of the Investment Manager. The review considers investment strategy, investment process, performance and risk and is carried out through meetings between the Management Engagement Committee and the Investment Manager.

As part of this review, the Board considered the quality and continuity of the personnel assigned to handle

the Company's affairs, the investment process and the results achieved to date. The Directors believe that the Investment Manager has the resources and ability to deliver the results which they seek.

During the reporting period, the Management Engagement Committee met twice to discuss and assess service providers covering marketing and research, fund administration, custody, corporate broker and investment management of the Company. In particular, an evaluation of the annual management fee and charging structure by the Investment Manager resulted in a reduction of fees as shown on page 65. The Management Engagement Committee was satisfied with their performance as well as their fees.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee performs an annual review of the Directors' skills, experience, length of service and knowledge of the Company and the structure, size and composition (including gender) of the Board. The skills, experience and length of service of each Director are detailed in the Directors' biographies on pages 37 to 38.

The selection policy of the Board is to appoint the best qualified person for the job, by considering the Board's diversity, in order to achieve a combination of skills, experience and knowledge. The Board is satisfied that the current blend of diversity, skills and experience prompts informed decision making and does not deem it necessary to alter the mix at present.

The Nomination and Remuneration Committee periodically reviews the level of Directors' fees relative to other comparable companies and in light of the Directors' responsibilities. In doing so, the Nomination and Remuneration Committee has access to independent research.

The Board's policy is that the remuneration of Non-executive Directors should reflect the responsibilities of the Board, the experience of the Board as a whole and be fair and comparable to that of other investment companies of similar size, capital structure and investment objective. Details of the Directors' remuneration can be found on page 27 and in Note 10 to the financial statements. The Directors' interests (including interests of connected persons) can be found within the Report of the Board of Directors on pages 40 to 42.

The Nomination and Remuneration Committee, which is entirely comprised of independent Directors, regularly reviews the Board's structure, size and composition and makes recommendations to the Board with regard to any adjustment that seem appropriate, considers the rotation and renewal of the Board, approves the candidate specification for all Board appointments,

5. Corporate Governance Statement (Continued)

approves the process by which suitable candidates are identified and short-listed, and nominates candidates for consideration by the full Board, whose responsibility is to formally make appointments.

During the reporting period, the Nomination and Remuneration Committee met twice to discuss, among other matters, succession planning for the next three years and key-person risk matrix. One of the independent directors, Derek Loh, had reached his 10-year tenure serving with the Company and expressed his wish to hand over his position to a newly appointed director whose knowledge and experience provide a balance of skills and expertise relevant to the Company. On 1 July 2021, Low Suk Ling was appointed as Independent Non-executive Director.

The Nomination and Remuneration Committee continued considering a number of proposed candidates identified by Trust Associates Ltd., an international search consultancy for candidates of independent directors. Among other criteria, candidates for succession planning are reviewed in terms of their capabilities, diversity and skills.

As of 31 December 2021, independence of the Board of Directors is maintained as five of the six Non-executive Directors on the Board are independent of the Investment Manager. The Nomination and Remuneration Committee also confirms that the Directors' knowledge and experience can provide a balance of skills and expertise which are relevant to the Company. Sarah Arkle, Independent Non-executive Director, was appointed on 5 January 2022.

Directors' Remuneration Report

The Nomination and Remuneration Committee is responsible for determining the level of Directors' fees. The terms of reference are available on request. The Board has prepared this Remuneration Report duly considering the recommendations of the AIC Code.

This part of the Remuneration Report provides details of the Company's Remuneration Policy for the Directors. This policy takes into consideration the principles of the UK Code and the AIC's recommendations regarding the application of those principles to investment companies. Directors' remuneration is determined by the Nomination and Remuneration Committee.

The Directors are non-executive, and their fees are set within the limits of the Company's Restated and Amended Memorandum and Articles of Association (the "Articles") which limit the aggregate fees payable to the Board of Directors per annum, currently to US\$400,000. The level of the cap may be increased by shareholders' resolutions from time to time.

Subject to this overall limit, the Board's policy is that the remuneration of Non-executive Directors should reflect the nature of their duties, responsibilities and the value of their time spent and be fair and comparable to that of other investment trusts and companies that are similar in size, have a similar capital structure and have a similar investment objective. No shareholder views were sought in setting the Remuneration Policy although any comments received from shareholders would be considered on an on-going basis.

Fee rates were established by reference to current market levels:

- Member of Board only: US\$25,000 per annum (from 1 January 2021 to 30 September 2021); US\$45,000 per annum from 1 October 2021
- Chair of the Board: +US\$10,000 per annum
- Chair of the Audit and Risk Committee: +US\$5,000 per annum
- Member of the Audit and Risk Committee: +US\$2,500 per annum
- Chair of the Management Engagement Committee: +US\$5,000 per annum
- Member of the Management Engagement Committee: +US\$2,500 per annum
- Chair of the Nomination and Remuneration Committee: +US\$5,000 per annum
- Member of the Nomination and Remuneration Committee: +US\$2,500 per annum

Board Independence, Composition and Diversity

The Board supports the principle of boardroom diversity and Parker Review. The selection policy of the Board is to appoint the best qualified person for the job, by considering factors such as diversity of thought, experience and qualifications, and ethnic and gender diversity, for the effective conduct of the Company's business. New appointments are identified against the requirements of the Company's business and the need to have a balanced Board.

As of 31 December 2021, the Board consisted of five Independent Non-executive Directors and one Non-Independent Non-executive Director. Sarah Arkle, Independent Non-executive Director, was appointed on 5 January 2022.

Directors' Appointment and Policy on Payment of Loss of Office

Each Director has an appointment letter with the Company. The terms of the appointment provide that a Director will be subject to re-election at each Annual General Meeting ("AGM"). A Director may be removed from office following three months' notice.

5. Corporate Governance Statement (Continued)

The Board does not have a formal policy requiring Directors to stand down after a certain period. The Board has the Nomination and Remuneration Committee which regularly reviews the Board's structure, size, diversity (including gender and ethnic diversity) and composition and makes recommendations to the Board with regard to any adjustment that seems appropriate.

Directors' & Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

Appointment

- All the Directors are non-executive, appointed under the terms of Letters of Appointment.
- The Directors will be subject to election at the first AGM after their appointment and to re-election annually thereafter.
- New appointments to the Board will be placed on the fee applicable to all Directors at the time of appointment (currently US\$45,000).
- No incentive or introductory fees will be paid to encourage a directorship.
- The Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.
- The Company indemnifies the Directors for costs, charges, losses, expenses and liabilities which may be incurred in the discharge of duties, as a Director of the Company.

Performance, Service Contracts, Compensation and Loss of Office

- No Director has a service contract.
- Compensation will not be due upon leaving office.
- No Director is entitled to any other monetary payment of any asset of the Company.

Re-election of Directors

All Directors stand for re-election annually at the AGM.

The Nomination and Remuneration Committee considers the effectiveness of individual directors and makes recommendations to the Board in respect of re-elections.

Conflict of Interests

Directors are fiduciaries, so must act in good faith and in the best interests of the Company, avoid or recuse themselves from conflicts of interest, and not use their position or knowledge gained from the Company for any personal profit or advantage (beyond their agreed remuneration). Only Directors who have no material interest in the matter being considered will be able to

participate in the Board approval process. Directors are required to disclose all actual and potential conflicts of interest to the Chair in advance of any proposed external appointment.

In deciding whether to approve an individual Director's participation, the other Directors will act in a way they consider to be in good faith in assessing the materiality of the conflict in accordance with the Company's Articles.

The Board believes that its powers of authorisation of conflicts of interest have operated effectively. The Board also confirms that its procedure for the approval of conflicts of interest, if any, has been followed by the Directors. As of 31 December 2021, none of the Directors had a material interest in any contract which is significant to the Company's business other than Dominic Scriven in relation to the Investment Management Agreement as further detailed on page 41 (Directors' Interests in Contracts).

The Board notes that, subsequent to 31 December 2021, an affiliate of the Investment Manager subscribed to a second convertible note issued by Intensel Limited ("Intensel") (a Hong Kong company which provides climate risk analysis) in the amount of US\$200,000. This is in addition to the US\$200,000 convertible note issued by Intensel to the affiliate in April 2021 (and disclosed by the Company as a subsequent event in the 2020 Annual Report), but does not materially increase the interest of the affiliate in Intensel.

Entela Benz-Saliasi has a material interest in, and is a director of Intensel, which may provide services in the future to the Company (such as analysis of investee companies), but any such services are not expected to be materially significant. As at 31 December 2021, the Company had not engaged Intensel to provide any services.

The Directors' holdings in the Company can be found within the Report of the Board of Directors on pages 40 to 42.

Performance Evaluation

The Board undertakes an annual evaluation of its own performance and that of its committees and individual directors, including the Chair. The Board also considers the independence of each Director.

A vital part of any Board's effectiveness is its composition. This is an area that the Board should continually evaluate to reflect its strategic priorities and increase performance. As such, Amrop Singapore was appointed in July 2021 to undertake a comprehensive analysis and evaluation of the VEIL Board and to provide

5. Corporate Governance Statement (Continued)

key recommendations and insights into its composition and where any potential adjustments would be beneficial.

The Board is satisfied that the performance of each committee and individual Director, including the Chair, is effective and they demonstrate commitment to their role.

Induction/Information and Professional Development

The Directors are provided, on a regular basis, with key information on the Company's policies, regulatory requirements and its internal controls. Regulatory and legislative changes affecting Directors' responsibilities are advised to the Board as they arise along with changes to best practice from, amongst others, the Company Secretary and the Auditor. Advisers to the Company also prepare reports for the Board from time to time on relevant topics and issues.

When a new Director is appointed to the Board, he/she will be provided with all relevant information regarding the Company and his/her duties and responsibilities as a Director. In addition, a new Director will also spend time with representatives of the Investment Manager in order to learn more about its processes and procedures.

Attendance at Scheduled Meetings of the Board and its Committees for the Year

Table 1 on page 36 lists the number of Board and Committee meetings attended by each Director. During the year ended 31 December 2021, there were four Board meetings, two Audit and Risk Committee meetings, two Management Engagement Committee meetings and two Nomination and Remuneration Committee meetings.

Relationship with the Investment Manager, the Company Secretary and the Administrator

The Board has delegated various duties to external parties including the management of the investment portfolio, the custodial services (including safeguarding of assets), registration services and day-to-day company secretarial, administration and accounting services. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered, including the control systems in operation in so far as they relate to the affairs of the Company.

Investment Manager

From 1 January 2021 to 31 March 2021, Enterprise Investment Management Limited provided investment management and advisory services to the Company in accordance with the terms of an investment management agreement dated 23 May 2016 between the

Company and the Investment Manager (the "Investment Management Agreement").

With effect from 1 April 2021, following an internal re-organisation of the Dragon Capital group and with permission of the Board, the Investment Management Agreement has been transferred to Dragon Capital Management (HK) Limited. Both Enterprise Investment Management Limited and Dragon Capital Management (HK) Limited are part of the Dragon Capital group and the terms of appointment of Dragon Capital Management (HK) Limited, including the fees to be charged by Dragon Capital Management (HK) Limited, are the same as those that applied to Enterprise Investment Management Limited.

References in this annual report to the Investment Manager shall mean Enterprise Investment Management Limited and/or Dragon Capital Management (HK) Limited, as the context requires.

Under the Investment Management Agreement, the Investment Manager is entitled to receive a monthly management fee for its services, which accrues daily based on the prevailing NAV.

From 1 August 2017 to 30 June 2021, the annual management fee payable to the Company's Investment Manager was 2.00% per annum of NAV for the first US\$1.25 billion of the Company's NAV, reducing to 1.75% per annum for NAV between US\$1.25 billion and US\$1.5 billion and further reducing to 1.50% per annum for NAV above US\$1.5 billion.

With effect from 1 July 2021, the management fee was amended to 1.85% per annum of NAV for the first US\$1.25 billion of the Company's NAV, reducing to 1.65% per annum for NAV between US\$1.25 billion and US\$1.5 billion and further reducing to 1.50% per annum for NAV above US\$1.5 billion.

The Investment Manager is not entitled to a performance fee.

The Investment Manager's appointment will continue until terminated under the provisions of the Investment Management Agreement. The Company has a right to terminate the Investment Management Agreement giving 24 months' notice in writing to the Investment Manager. The Investment Management Agreement may also be terminated with immediate effect on the occurrence of certain events, including insolvency or material and continuing breach.

The Investment Manager has invested the assets of the Company with a view to spreading investment risk in accordance with its published investment policy as set out in the Portfolio Manager's Report on pages 5 to 12.

5. Corporate Governance Statement (Continued)

The Board, on the advice of the Management Engagement Committee, continues to believe that in light of the Company's strategy and performance, the appointment of the Investment Manager on the terms set out above and in Note 10 to the financial statements is in the interest of the Company's shareholders as a whole.

Both the Board and the Investment Manager have formalised agreements and have a clear understanding of the operational policies laid out between the parties. These rules are detailed in a number of ways - with the Investment Management Agreement or through other policies such as discount management.

The Board is ultimately responsible for ensuring that a sound system of internal controls of the Company is maintained to safeguard shareholders' investments and the Company's assets.

The Audit and Risk Committee undertakes an annual review of the effectiveness of the Company's system of internal controls and the Directors believe that an appropriate framework is in place to meet the requirement of ensuring a sound system of internal controls is in place by the Company.

Furthermore, the Board has an ongoing process for identifying, evaluating and managing risks to which the Company is exposed including those contained within the performance of the investment management activities. The principal risks and uncertainties facing the Company are disclosed in Note 13 to the financial statements. These principal risks and uncertainties are monitored as part of the normal oversight process.

Risk management and the operation of the internal control systems within the Company are primarily the responsibility of the Investment Manager, which operates under commercial independence with flexibility to ensure that principal risks and uncertainties are clearly managed and that systems of control operate effectively and efficiently.

The Investment Manager monitors the portfolio on a daily basis and ensures that the appropriate controls are exercised over the Company's assets. The systems of internal control operated by the Company are designed to manage rather than eliminate the risk of failure in achieving its objectives and will only provide reasonable and not absolute assurance against material misstatement or loss.

The Board receives and considers reports regularly from the Investment Manager, with ad hoc reports and information supplied to the Board as required. The Investment Manager takes decisions as to the purchase and sale of individual investments, within the delegated authority established by the Board. The Investment

Manager complies with the risk limits as determined by the Board and has systems in place to monitor cash flows and the liquidity risk of the Company.

The Investment Manager and Standard Chartered Bank (the "Administrator") also ensure that all Directors receive, in a timely manner, all relevant financial information about the Company's portfolio. Representatives of the Investment Manager, the Corporate Broker and the Legal Adviser attend Board meetings as required, enabling the Directors to probe further on matters of concern.

The Directors have access to the advice and service of the Company Secretary through its appointed representative who is responsible to the Board for ensuring that Board procedures are followed, and that applicable rules and regulations are complied with. The Board, the Investment Manager and those service providers operate in a supportive, co-operative and open environment.

At each Board meeting, a representative of the Investment Manager is in attendance to present verbal and written reports covering its activity, the portfolio and investment performance over the preceding period. Ongoing communication with the Board is maintained by formal meetings.

The Investment Manager ensures that Directors have timely access to all relevant management, financial and regulatory information to enable informed decisions to be made. The Investment Manager contacts the Board as required for specific guidance on particular issues.

Administrator and Custodian

Custody and settlement services are undertaken by Standard Chartered Bank. The Board has delegated the exercise of voting rights attaching to the securities held in the portfolio to the Investment Manager. The Investment Manager follows a proxy voting policy when voting, which provides for certain matters to be reviewed on a case-by-case basis.

Proxy voting is an important part of the corporate governance process, and the Investment Manager views its obligation to manage the voting rights of the shares in investee companies seriously as it would manage any other asset. Consequently, votes are cast both diligently and prudently, based on its reasonable judgment of what will best serve the financial considerations of the Company.

So far as is practicable, the Investment Manager votes at all of the meetings called by companies in which the Company invests. In order to do this, the Investment Manager agrees its stance on a variety of key corporate governance issues, including disclosure and transparency, board composition, committee structure,

5. Corporate Governance Statement (Continued)

director independence, auditor rotation and social and environmental issues. These guidelines form the basis of its proxy voting decisions, although they are equally cast on a case-by-case basis, taking into account the individual circumstances of each vote.

Company Secretary

The Company appointed Maples Secretaries (Cayman) Limited as the Company Secretary with effect from 21 October 2013.

Shareholder Engagement

The Board believes that the maintenance of good relations with shareholders is important for the long-term prospects of the Company. It has, since admission, sought engagement with shareholders. Where appropriate the Chair and other Directors are available for discussion about governance and strategy with major shareholders and the Chair ensures communication of shareholders' views to the Board.

The Board receives a monthly analysis of beneficial shareholders of the Company. During the year ended 31 December 2021, the Investment Manager had periodic meetings with larger shareholders to discuss aspects of the Company's performance. The Directors are made fully aware of their views.

The Chair and Directors make themselves available as and when required to address shareholder queries. Shareholders wishing to raise questions are encouraged to write to the Company's Administrator at the address shown on page 79 or contact the Investment Manager using the contact details also provided on pages 79 to 80.

The Board believes that the AGM provides an appropriate forum for investors to communicate with the Board and encourages participation. The AGM will be attended by at least one Director.

There is an opportunity for individual shareholders to question the Directors at the AGM. Details of proxy votes received in respect of each resolution will be made available to shareholders at the AGM and will be posted on the Company's website and the London Stock Exchange's website following the AGM.

The Board actively leads or participates in discussions on, or approves the content of, all significant external communications. During this process, relevant stakeholders such as the Investment Manager, the Auditors, the Legal Adviser and the Corporate Broker are engaged as and when required.

The Board aims to keep shareholders informed and up to date with information about the Company. This includes information contained within annual reports,

interim reports, monthly reports, weekly reports, weekly factsheets, and frequent webinars especially during the pandemic, as well as notices of any significant event to registered shareholders.

The Company also releases information through the London Stock Exchange. The Company's website (www.veil-dragoncapital.com) displays the latest news, price and performance information and portfolio details. Shareholders also have the opportunity to download the latest Company information from the website.

Internal Audit

The Company does not have its own internal audit function but places reliance on the internal audit, compliance and other control functions of its service providers.

Internal Control

The Audit and Risk Committee is responsible for reviewing the effectiveness and efficiency of the Company's system of internal control. The Board reviews the ongoing processes for identifying, evaluating and monitoring the principal risks and uncertainties faced by the Company.

Detailed information on the risk management and internal controls in relation to the Company's financial reporting process can be found in the Report of the Audit and Risk Committee on pages 34 to 36.

Principal Risks and Uncertainties

The Directors confirm that they have carried out a robust assessment of the principal risks and uncertainties facing the Company, including those that would threaten its business model, future performance, solvency or liquidity on a quarterly basis. This includes an assessment of strategic, business, financial, operational, IT and compliance risks.

The principal risks and uncertainties identified by the Board, together with the way in which the Board seeks to manage those risks and uncertainties, can be found in Note 13 to the financial statements. The Directors have not identified any other principal risk or uncertainty during the reporting period.

Viability Statement

The Directors have assessed the prospects of the Company over a three-year period to 31 December 2024. The Directors believe that this period is appropriate because it would provide the Investment Manager the time needed to successfully unlock the value of the Company's underlying portfolio.

In their assessment of the viability of the Company, the Directors have considered each of the Company's

5. Corporate Governance Statement (Continued)

principal risks and uncertainties, including the total collapse of one or more of the Company's significant holdings, together with the Company's income and expenditure projections, credit facility and assets that are easily realisable and that can be sold to meet funding requirements.

Following the Board's detailed analysis, it has concluded that, based on the Company's current position, the principal risks and uncertainties that it faces and their potential impact on its future development and prospects, there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities when they fall due over the three-year period to 31 December 2024.

Going Concern

The Directors have reviewed the liquidity of the Company's portfolio and the Company's ability to meet its obligations as they fall due for a period of at least 12 months from the date that these financial statements were approved.

On the basis of that review and after due consideration of the balance sheet and activities of the Company and the Company's assets, liabilities, commitments and financial resources, the Directors have concluded that the Company has adequate resources to continue its operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing the financial statements.

Annual General Meeting

The AGM took place at 2406, 24/F, 9 Queen's Road, Central, Hong Kong on 27 August 2021 at 2:00pm (Hong Kong time).

The result of this AGM can be found on page 39.

Authority for Share Buyback and Discount Management

The shareholders approved at the Company's AGM on 27 August 2021 a special resolution to undertake share buybacks up to a maximum amount equal to 14.99% of the issued share capital. This special resolution was passed and shall expire on the earlier of 31 December 2022 and the conclusion of the Company's next annual general meeting.

The Directors' intention is to implement an active discount management policy if they believe it to be in shareholders' interests as a whole and as a means of correcting any imbalance between the supply of and demand for the Company's Ordinary Shares of US\$0.01 each (the "Shares").

A share buyback programme was carried out in 2021. The details of the share buyback programme in 2021 can be found on the London Stock Exchange website <https://www.londonstockexchange.com/stock/VEIL/vietnam-enterprise-investments-limited/analysis>. In total 3,401,261 Shares were bought back for a consideration of US\$32,678,613 during the year, representing 1.54% of the issued share capital.

The Shares bought back are held in treasury. As of 31 December 2021, the Company held 7,386,899 Shares in treasury.

Following the above buybacks, the total number of Shares in issue was 213,533,847 (excluding Shares held in treasury) as of 31 December 2021. This number represents the total voting rights in the Company as at that date and may be used by shareholders as the denominator for the calculations by which they can determine if they are required to notify their interest in, or a change to their interest in the Company under the FCA's Disclosure Guidance and Transparency Rules.

The Directors will only make such buybacks through the market at prices (after allowing for costs) below the relevant prevailing NAV per Share under the guidelines established from time to time by the Board. Buybacks of Shares may be made only in accordance with Cayman law, the Disclosure Guidance and Transparency Rules and the authority granted by shareholders at the Company's AGM on 27 August 2021.

Under the FCA's Listing Rules, the maximum price that may be paid by the Company on the buybacks of any Share pursuant to a general authority is 105% of the average of the middle market quotations for the Shares for five business days immediately preceding the date of the relevant buyback or, if higher, that stipulated by regulatory technical standards referred to in Article 5(6) of the UK version of the Market Abuse Regulation (EU) No. 596/2014 (which forms part of UK law by virtue of the European Union (Withdrawal) Act 2018).

Shares bought back by the Company may be cancelled or held in treasury (up to a maximum of 10% of the total number of issued Shares at any time may be held in treasury). Shares may be re-issued from treasury but, unless previously approved by shareholders, will not be issued at a price which, taking account of issue expenses, would be less than the last reported NAV per Share.

A buyback of Shares pursuant to the share buyback programme on any trading day may represent a significant proportion of the daily trading volume in the Shares on the main market of the London Stock Exchange (and could exceed the 25% limit of the average daily trading volume of the preceding

5. Corporate Governance Statement (Continued)

20 business days as referred to in the UK version of Commission Delegated Regulation (EU) No. 2016/1052 on buyback programmes, which forms part of UK law by virtue of the European Union (Withdrawal) Act 2018).

Any buyback of Shares by the Company will be notified by an announcement through a Regulatory Information Service by no later than 7:30am (UK time) on the following business day.

Shareholders should note that the buyback of Shares by the Company is at the absolute discretion of the Directors and is subject, amongst other things, to the amount of cash available to the Company to fund such buybacks. Accordingly, no expectation or reliance should be placed on the Directors exercising such discretion on any one or more occasions.

Management Shares

Dragon Capital Limited holds 1,000 management shares of the Company. Dragon Capital Limited is 100% owned by Dragon Capital Group Limited which is the ultimate parent company of the Investment Manager of the Company.

The management shares shall not be redeemed by the Company, and do not carry any right to dividends. In a winding up, management shares are entitled to a return of paid up nominal capital out of the assets of the Company, but only after the return of nominal capital paid up on Ordinary Shares.

The management shares each carry one vote on a poll. Subject always to the requirements of the rules of any exchange on which the Company's shares may be trading from time to time, the holders of the management shares have the right to appoint two individuals to the Board.

Substantial Shareholdings

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

Inter Fund Management S.A.

- Number of Ordinary Shares held: 26,491,515
- % of total Ordinary Shares in issue: 12.41%

Bill & Melinda Gates Foundation

- Number of Ordinary Shares held: 25,087,859
- % of total Ordinary Shares in issue: 11.75%

6. Report of the Audit and Risk Committee

Composition

From 1 January 2021 until 5 September 2021, the Audit and Risk Committee was chaired by Gordon Lawson and its members include Derek Loh and Entela Benz-Saliasi who were all Independent, Non-executive Directors.

Since 6 September 2021, the Audit and Risk Committee has been chaired by Entela Benz-Saliasi and its members include Gordon Lawson and Low Suk Ling who are all Independent, Non-executive Directors.

The Audit and Risk Committee met twice during the year under review. Table 1 on page 36 shows the dates and attendees of the Audit and Risk Committee meetings. The Company's Auditors and Investment Manager's representatives were invited to attend meetings as necessary.

In the opinion of the Board, the Audit and Risk Committee of the Company complies with the recommendations and requirements of the AIC Code of Corporate Governance (the "AIC Code").

Role and Responsibilities

The role of the Audit and Risk Committee is to assist the Board in applying financial reporting and internal control principles and to maintain an appropriate relationship with the Auditors.

The Audit and Risk Committee assesses the prospects of the Company and principal risks and uncertainties facing the Company. Following such assessment, the Audit and Risk Committee reasonably expects that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.

The responsibilities of the Audit and Risk Committee are set out in formal Terms of Reference which are regularly reviewed. In the year under review, the main duties undertaken were:

Financial Reporting

The Audit and Risk Committee shall monitor the integrity of the financial statements of the Company, including its annual and interim reports, interim management statements and any other formal announcement relating to its financial performance and review significant financial reporting issues and judgments which they contain.

Where the Audit and Risk Committee is not satisfied with any aspect of the proposed financial reporting, it shall report its views to the Board.

Risk

The Audit and Risk Committee shall oversee the process of identifying, assessing, and controlling both the Company and portfolio risks to prevent, mitigate or transfer such risks.

In particular, the Audit and Risk Committee shall review and challenge where necessary:

- Investment risks comprising, but not limited to, market, credit, liquidity, leverage risk and ESG and climate change-related risks; and
- Business operational risks.

Internal Controls and Risk Management Systems

The Audit and Risk Committee shall review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems and review and approve the statements to be included in the annual report concerning internal controls and risk management.

Internal Audit

The Audit and Risk Committee shall consider at least once a year whether there is a need for an internal audit function and provide an explanation of the reasons for an absence of such a function for inclusion in the relevant section of the annual report.

External Audit

The Audit and Risk Committee shall monitor and review the external auditor's quality, independence and objectivity and make recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditor.

Conflicts

The Audit and Risk Committee shall provide oversight and guidance to the Board in relation to actual and potential conflicts of interest between the Company and any related party or provider of services to the Company. Related parties shall mean the members of the Board, the Investment Manager and/or its parent and sister companies (the "Investment Manager Group") together with the owners and directors of the Investment Manager Group.

Internal Controls and Risk Management Systems in Relation to the Company's Financial Reporting Process

The Audit and Risk Committee is responsible for reviewing the effectiveness of the Company's system of internal control. The Board reviews the ongoing

6. Report of the Audit and Risk Committee (Continued)

processes for identifying, evaluating and monitoring the principal risks and uncertainties faced by the Company.

This process, together with key procedures established with a view to providing effective and efficient financial control, has been in place throughout the year ended 31 December 2021.

The Board recognises that these control systems can only be designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and provide reasonable, but not absolute, assurance against material misstatement or loss.

Risk assessment and the review of internal controls are undertaken by the Audit and Risk Committee, in the context of the Company's overall investment objective.

During the reporting period, the Audit and Risk Committee defined an Enterprise Risk Management Framework template which is being used to monitor the various principal risks and uncertainties including the key business, operational, compliance, ESG and financial risks facing the Company.

Given the nature of the Company's activities and the fact that most functions are sub-contracted, the Directors have obtained information from key third party service providers regarding the controls operated by them in order to enable the Board to make an appropriate risk and control assessment.

The Board has reviewed the scope of the Audit and Risk Committee and is satisfied that all principal risks and uncertainties to which the Company is subject are appropriately managed.

External Auditor

The Audit and Risk Committee reviews and makes recommendations to the Board with regard to the re-appointment of the external auditor, taking into account its qualifications, expertise and resources, independence and the effectiveness of the external audit process.

The Audit and Risk Committee meets with the external auditor at least once a year to discuss any key issue arising from the audit and/or monitor the external auditor's compliance with the relevant ethical and professional guidance on the rotation of the audit partner, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements.

KPMG Limited ("KPMG") was first appointed as the Company's external auditor in 2008 and during the audit tenure from 2008 to 2021, four audit partners have been rotated to perform the service.

KPMG's rotation policies are consistent with the Code of Ethics of the International Ethics Standards Board for Accountants (the "IESBA") and require the firm to comply with any stricter applicable rotation requirement. The firm's partners are subject to periodic rotations of their responsibilities for audit clients under applicable laws, regulations, independence rules and KPMG International policy.

These requirements place limits on the number of consecutive years that partners in certain roles may provide statutory audit services to a client, followed by a "time-out" period during which time these partners may not participate in the audit, provide quality control for the audit, consult with the engagement team or the client regarding technical or industry-specific issues or in any way influence the outcome of the audit.

KPMG also has policies, which are consistent with the IESBA principles and applicable laws and regulations, which address the scope of services that can be provided to audit clients. KPMG's policies require the audit engagement partner to evaluate the threats arising from the provision of non-audit services and the safeguards available to address those threats.

Fees paid to KPMG for audit, audit-related, and non-audit services are set out in Note 10 to the financial statements and summarised below.

In order to safeguard the auditor's independence and objectivity, the Company only engaged a KPMG affiliate to perform non-audit services where such affiliate was clearly best suited to perform the service, and the provision of service did not pose any conflict of interest with the audit or audit-related work.

2021

- Audit fees: US\$82,000
- Non-audit fees: US\$30,000

2020

- Audit fees: US\$82,000
- Non-audit fees: US\$30,000

The Audit and Risk Committee reviews the effectiveness and efficiency of the audit provided by KPMG on an annual basis and remains satisfied with the effectiveness and efficiency of the audit based on their performance.

In addition, the Audit and Risk Committee engaged the Financial Reporting Council (the "FRC") in the UK to perform a review of the audit of the financial statements of the Company for the year ended 31 December 2020. The FRC's assessment for the audit work of the external auditor i.e. KPMG was rated "good practice" with no key findings arising from the review.

6. Report of the Audit and Risk Committee (Continued)

Audit Review

Prior to the Audit and Risk Committee meeting held on 5 April 2019, as part of good corporate governance, the Chair of the Audit and Risk Committee requested a review of the external auditor, KPMG.

The Audit and Risk Committee conducted a tender process in order to make recommendations to the Board of Directors regarding which external auditor should be appointed for the Company going forward. The Audit and Risk Committee engaged with various audit firms as a potential replacement, however, only one audit firm responded positively.

The Audit and Risk Committee noted that the candidate was presently the internal auditor of the Dragon Capital group which could pose a conflict of interest. In addition, the candidate's Vietnam office is not yet approved by the FRC.

Therefore, the conclusions that VEIL's Audit and Risk Committee reached were that there are limited choices for auditors in Vietnam with relevant experience and that KPMG is the only FRC qualified auditor in Vietnam.

As a result, pursuant to a careful assessment, KPMG were reappointed. Further, KPMG has regularly rotated its audit partner for VEIL every three years during the tenure of their appointment (in total four audit partners) to follow best audit practices and ensure independence.

Its rotation policies are consistent with the Code of Ethics of the International Ethics Standards Board for Accountants and require the firm to comply with any stricter applicable rotation requirement.

As such the VEIL board is satisfied that there are no independence concerns. In addition, the balance of fees paid to the auditor is reasonable and that the VEIL has a track record of disclosing the appropriate information about these services in its filings.

As a matter of governance, the Audit and Risk Committee reviews the effectiveness and efficiency of the audit provided by KPMG on an annual basis and remains satisfied with the effectiveness and efficiency of the audit based on their performance.

The Board of Directors accepted and approved this conclusion at a board meeting held shortly after the relevant Audit and Risk Committee meeting. The re-appointment of KPMG was proposed at the next AGM held on 27 August 2021 and the resolution was passed.



Entela Benz-Saliasi
Chair of the Audit and Risk Committee
Vietnam Enterprise Investments Limited
28 April 2022

Table 1: Attendance of the Board and the Committees Meetings (for the year ended 31 December 2021)

Director	Board meetings				ARC meetings		MEC meetings		NRC meetings	
	20/1	22/4	30/8	27/10	22/4	16/11	20/1	28/10	16/3	13/7
Stanley Chou	C	C	C	C			M	M		
Derek Loh ¹	X	X			M				C	
Gordon Lawson	X	X	X	X	C	M	M	C		
Vi Peterson	X	X	X	X			C	M	M	C
Entela Benz-Saliasi	X	X	X	X	M	C			M	C
Low Suk Ling ²			X	X		M				M
Dominic Scriven O.B.E	X	X	X	X						

ARC = Audit and Risk Committee / MEC = Management Engagement Committee / NRC = Nomination and Remuneration Committee

C = Chair / M = Member / X = Attended

¹ Derek Lor resigned on 30 June 2021. / ² Low Suk Ling was appointed on 1 July 2021.

7. Board of Directors

Chair & Independent Non-executive Director
(Appointed January 2016 / Chair from June 2019)

Stanley Chou

Stanley Chou is Managing Director of SCA International Ltd. He also co-founded the Victory Fund, a Luxembourg based equity fund. He has been investing in Vietnam since 2005.



Senior Independent Non-executive Director
(Appointed July 2014 / Senior INED from June 2019)

Gordon Lawson

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



Independent Non-executive Director
(Appointed April 2018)

Vi Peterson

Vi is an international business consultant based in Melbourne Australia, advising multinational corporations in Thailand and Vietnam. She serves on various company, not-for-profit and university boards. She is a former banking executive and Australian Senior Trade Commissioner to Vietnam.



Independent Non-executive Director
(Appointed May 2019)

Entela Benz-Saliasi

Entela serves as Adjunct Associate Professor at the Department of Finance, HKUST Business School in Hong Kong. Alongside teaching, she has been acting as a consultant for Impact and ESG Investing since 2007. She is the founder and CEO of Intensel, a fintech company that leveraged AI/ML and geospatial data for assessing climate risks. She sits on various boards in Hong Kong and the Philippines. As a financial professional she worked in the Investment bank and hedge fund industry before moving into a more academic role. Her combined academic and industry expertise have a strong focus on the impact of intangible information on



cash flows and ultimately the company's fair value. Trained as a quant, she is well-positioned to understand the intricacies of companies' financial statements and therefore audit reports.

7. Board of Directors (Continued)

Independent Non-executive Director

(Appointed July 2021)

Low Suk Ling

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



Independent Non-executive Director

(Appointed January 2022)

Sarah Arkle

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



Non-executive Director

(Appointed May 1995)

Dominic Scriven O.B.E

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



Board & Committees

As of 5 January 2022, the Board consists of seven Non-executive Directors, six of whom are independent of the Investment Manager, whose individual knowledge and experience provide a balance of skills and expertise relevant to the Company and it is considered that they commit sufficient time to the Company's affairs. The Board has established three committees: the Audit and Risk Committee, the Management Engagement Committee and the Nomination and Remuneration Committee. All members of the committees are independent. Dominic Scriven O.B.E who is the Chairman of Dragon Capital Group Limited, the ultimate parent of the Investment Manager, does not participate in any Committee.

The Nomination and Remuneration Committee is responsible for ensuring that the Board comprises the appropriate balance and composition of skills, experience, length of service, knowledge of the Company and diversity (including gender and ethnic diversity) as well as determining a fair and market-competitive compensation for members of the Board. As of 5 January 2022, the Board's diverse ethnic backgrounds and nationalities include Vietnam/Australia/USA, Singapore, Hong Kong, Switzerland/Albania, and the UK. Four out of the seven Board members are female. Two out of three committees are chaired by female directors.

8. Annual General Meeting

Annual General Meeting Summary

The Board of Directors of the Company announced that at the Annual General Meeting of the Company held on 27 August 2021 (the “2021 AGM”), the resolutions numbered 1 to 10 in the notice of meeting for the 2021 AGM were passed by the required majority on a poll vote.

Ordinary Resolutions

- (1) To receive and adopt the audited financial statements for the year ended 31 December 2020 together with the auditor’s and Directors’ reports thereon.
- (2) To re-appoint KPMG Ltd. of Vietnam as auditor of the Company and to authorise the Board to fix their remuneration.
- (3) To re-elect Stanley Chou as a Director of the Company.
- (4) To re-elect Gordon Lawson as a Director of the Company.
- (5) To re-elect Vi Peterson as a Director of the Company.
- (6) To re-elect Entela Benz-Saliasi as a Director of the Company.
- (7) To elect Low Suk Ling as a Director of the Company.
- (8) To re-elect Dominic Scriven as a Director of the Company.

Special Resolution

- (9) To authorise the Company generally and unconditionally to make market purchases of its ordinary shares of US\$0.01 each provided that:
 - (i) the maximum aggregate number of ordinary shares that may be purchased is 14.99 per cent. of issued share capital (excluding shares held in treasury as at the date of this Notice (32,238,422 shares));
 - (ii) the minimum price which may be paid for each ordinary share is US\$0.01;
 - (iii) the maximum price (excluding expenses) which may be paid for each ordinary share is the higher of:
 - (a) 105 per cent. of the average market value of an ordinary share in the Company for the five business days prior to the day the purchase is made; and
 - (b) the higher of the price of the last independent trade and the highest current independent bid as stipulated by Regulatory Technical Standards adopted by the European Commission pursuant to Article 5 (6) of the Market Abuse Regulation; and
 - (iv) the authority conferred by this resolution shall expire on 31 December 2022 or, if earlier, at the conclusion of the Company’s next annual general meeting save that the Company may, before the expiry of the authority granted by this resolution, enter into a contract to purchase ordinary shares which will or may be executed wholly or partly after the expiry of such authority.
- (10) To amend regulation 95 of the Articles of Association of the Company by deleting the figure “US\$200,000” and replacing it with the figure “US\$400,000”.

9. Report of the Board of Directors

The Directors of Vietnam Enterprise Investments Limited (the “Company”) present their report and the audited financial statements of the Company for the year ended 31 December 2021.

Principal Activity

The Company is an investment holding company incorporated as an exempted company with limited liability in the Cayman Islands on 20 April 1995. The shares of the Company have been listed on the main market of the London Stock Exchange since 5 July 2016 (until 4 July 2016: listed on the Irish Stock Exchange). The principal activity of the Company is investing directly or indirectly in a diversified portfolio of listed and unlisted securities in Vietnam.

Results and Dividends

The Company’s profit for the year ended 31 December 2021 and its financial position at that date are set out in the attached financial statements. The Directors have taken the decision not to pay a dividend in respect of the year ended 31 December 2021 (2020: Nil).

Share Capital

Details of movements in the Company’s share capital during the year are presented in Note 8. As at 31 December 2021, the Company had 213,533,847 Ordinary Shares and 1,000 Management Shares outstanding (31 December 2020: 216,935,108 Ordinary Shares and 1,000 Management Shares).

Directors

The Directors of the Company during the year were:

Non-executive Director:

- Dominic Scriven O.B.E

Independent Non-executive Directors:

- Stanley Chou – Chair
- Gordon Lawson – Senior Independent Non-executive Director
- Vi Peterson
- Entela Benz-Saliasi
- Low Suk Ling (from 1 July 2021)
- Sarah Arkle (from 5 January 2022)
- Derek Eu-Tse Loh (until 30 June 2021)

In accordance with Article 91 of the Restated and Amended Memorandum and Articles of Association (the “Articles”), the Independent and Non-independent Non-executive Directors are required to submit themselves for re-election at the next occurring Annual General Meeting (“AGM”). All the Independent Non-executive Directors were duly re-appointed at the AGM held on 27 August 2021 following the expiry of their respective terms. Dominic Scriven O.B.E also submitted himself for re-election and was duly re-appointed.

Directors’ Rights to Acquire Shares or Debentures

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

Directors’ Interests in Shares

Dominic Scriven O.B.E, a Non-executive Director, is a beneficial shareholder of the Company, holding 36,423 Ordinary Shares of the Company as at 31 December 2021 (31 December 2020: 36,423 Ordinary Shares).

9. Report of the Board of Directors (Continued)

Dominic Scriven O.B.E also has indirect interests in shares of the Company as he is a key shareholder of Dragon Capital Group Limited, the parent company of Dragon Capital Limited which holds the Management Shares of the Company. Dragon Capital Group Limited is also the ultimate parent company of Enterprise Investment Management Limited, which was the Investment Manager of the Company until 31 March 2021, Dragon Capital Management (HK) Limited, which is the Investment Manager of the Company from 1 April 2021, and Dragon Capital Markets Limited. As at 31 December 2021, Dragon Capital Markets Limited beneficially held 1,010,359 Ordinary Shares of the Company for investment and proprietary trading purposes (31 December 2020: 1,010,359 Ordinary Shares).

Gordon Lawson, a Senior Independent Non-executive Director, is a beneficial shareholder of the Company, holding 25,000 Ordinary Shares of the Company as at 31 December 2021 (31 December 2020: 25,000 Ordinary Shares).

Sarah Arkle, an Independent Non-executive Director, is a beneficial shareholder of the Company, holding 4,696 Ordinary Shares of the Company as at 31 December 2021 (31 December 2020: 4,696 Ordinary Shares).

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

Directors' Interests in Contracts

Dominic Scriven O.B.E has indirect interests in the Investment Management agreement between the Company and Dragon Capital Management (HK) Limited, the Investment Manager of the Company, due to his shareholding in Dragon Capital Group Limited, the ultimate parent company of the Investment Manager.

There were no further contracts of significance in relation to the Company's business in which a Director of the Company had a material interest, whether directly or indirectly, at the end of the year or at any time during the year.

Substantial Shareholders

As at 31 December 2021, the following shareholders owned more than 10 percent of the Company's issued Ordinary Share capital:

	Number of Ordinary Shares held	% of total Ordinary Shares in issue
Inter Fund Management S.A.	26,491,515	12.41
Bill & Melinda Gates Foundation	25,087,859	11.75

Subsequent Events

Details of the significant subsequent events of the Company are set out in Note 14 to the financial statements.

Auditors

KPMG Limited, Vietnam

Directors' Responsibility in Respect of the Financial Statements

The Board of Directors is responsible for ensuring that the financial statements of the Company are properly drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2021 and of its financial performance and its cash flows for the year then ended. When preparing these financial statements, the Board of Directors is required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- comply with the requirements of International Financial Reporting Standards ("IFRS") or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- maintain adequate accounting records and an effective system of internal controls;

9. Report of the Board of Directors (Continued)

- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue its operations in the foreseeable future; and
- control and direct effectively the Company in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the financial statements.

The Board of Directors is also responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The important events that have occurred during the year ended 31 December 2021 are described in the Chair's Statement and the Portfolio Manager's Report. A detailed description of the principal risks and uncertainties faced by the Company are set out in Note 13 to the financial statements.

The Directors confirm to the best of their knowledge that:

- the financial statements have been prepared in conformity with IFRS and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the undertakings included in the financial statements taken as a whole, as required by the United Kingdom Financial Conduct Authority Disclosure Guidance and Transparency Rule ("DTR") 4.1.12R and are in compliance with the requirements set out in the Companies Law;
- the Annual Report and financial statements include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the financial statements taken as a whole, together with a description of principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

Approval of the Financial Statements

The Board of Directors hereby approves the accompanying financial statements which give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with IFRS.

Signed on behalf of the Board by:



Stanley Chou
Chair
Vietnam Enterprise Investments Limited
28 April 2022

Signed on behalf of the Audit and Risk Committee by:



Entela Benz-Saliasi
Chair of the Audit and Risk Committee
Vietnam Enterprise Investments Limited
28 April 2022

10. Independent Auditors' Report



KPMG Limited Branch
 10th Floor, Sun Wah Tower
 115 Nguyen Hue Street, Ben Nghe Ward
 District 1, Ho Chi Minh City, Vietnam
 +84 (28) 3821 9266 | kpmg.com.vn

INDEPENDENT AUDITORS' REPORT

To the Shareholders
Vietnam Enterprise Investments Limited

Opinion

We have audited the accompanying financial statements of Vietnam Enterprise Investments Limited ("the Company"), which comprise the statement of financial position as at 31 December 2021, and the statements of comprehensive income, changes in net assets attributable to Ordinary Shareholders and cash flows for the year then ended, and notes to the financial statements, including significant accounting policies and other explanatory information, as set out on pages 47 to 78.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements issued by International Federation of Accountants (IFAC) and other local ethical requirements, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We do not identify any key audit matter in our audit of the financial statements for the year ended 31 December 2021.

10. Independent Auditors' Report (Continued)



Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Company's Annual Report and the report of the Board of Directors but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work that we have performed, we conclude that there is a material misstatement of this other information, then we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal controls as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

10. Independent Auditors' Report (Continued)



As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

10. Independent Auditors' Report (Continued)



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure or when, in extremely rare circumstances, we determine that a matter should not be communicated to outweigh the public interest benefits of such communication.


The engagement partner on the audit resulting in this independent auditors' report is Nguyen Thanh Nghi.

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

Vietnam

Audit Report No.: 21-01-00415-22-1





Nguyen Thanh Nghi
Deputy General Director

28 April 2022

11. Statement of Financial Position

As at 31 December 2021

	Note	31 December 2021 US\$	31 December 2020 US\$	Change in %
CURRENT ASSETS				
Financial assets at fair value through profit or loss	5(i)	2,602,412,178	1,776,972,384	
Other receivables		1,686,695	918,374	
Balances due from brokers		1,232,092	-	
Cash and cash equivalents	6	9,853,132	24,769,597	
TOTAL ASSETS		2,615,184,097	1,802,660,355	45.07
CURRENT LIABILITIES				
Balances due to brokers		4,209,904	-	
Accounts payable and accruals	7	3,996,271	2,969,152	
TOTAL LIABILITIES		8,206,175	2,969,152	176.38
EQUITY				
Issued share capital	8	2,135,347	2,169,360	
Share premium	8	509,842,442	542,487,042	
Retained earnings		2,095,000,133	1,255,034,801	
TOTAL EQUITY		2,606,977,922	1,799,691,203	44.86
NET ASSETS ATTRIBUTABLE TO ORDINARY SHAREHOLDERS		2,606,977,922	1,799,691,203	44.86
NUMBER OF ORDINARY SHARES IN ISSUE	8	213,533,847	216,935,108	
NET ASSET VALUE PER ORDINARY SHARE	9	12.21	8.30	47.11

Approved by the Board of Directors on 28 April 2022.

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

The accompanying notes are an integral part of these financial statements

12. Statement of Comprehensive Income

For the year ended 31 December 2021

	Note	2021 US\$	2020 US\$
INCOME			
Bank interest income		22,395	19,145
Dividend income		7,505,712	7,762,121
Net changes in fair value of financial assets at fair value through profit or loss	5(ii)	721,527,436	346,398,761
Gains on disposals of investments		157,569,945	8,972,704
TOTAL INCOME		886,625,488	363,152,731
EXPENSES			
Administration fees	10	(1,382,403)	(936,822)
Custody fees	10	(985,863)	(731,557)
Directors' fees	10	(189,090)	(165,000)
Management fees	10	(40,552,937)	(27,335,507)
Legal and professional fees		(849,392)	(462,278)
Brokerage fee and structuring fee		(100,000)	(740,238)
Structuring fee of short-term borrowings		(1,500,000)	(1,570,153)
Interest expenses		(1,722,924)	(600,009)
Withholding taxes		(2,381)	(2,675)
Other operating expenses		(103,883)	(95,829)
TOTAL EXPENSES		(47,388,873)	(32,640,068)
NET GAIN BEFORE EXCHANGE GAINS		839,236,615	330,512,663
EXCHANGE GAINS			
Net foreign exchange gains		728,717	439,310
PROFIT BEFORE TAX		839,965,332	330,951,973
Income tax	11	-	-
NET PROFIT AFTER TAX FOR THE YEAR		839,965,332	330,951,973
OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		839,965,332	330,951,973
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO ORDINARY SHAREHOLDERS		839,965,332	330,951,973
BASIC EARNINGS PER ORDINARY SHARE	12	3.90	1.52

The accompanying notes are an integral part of these financial statements

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

For the year ended 31 December 2021

	Issued share capital	Share premium	Retained earnings	Total
	US\$	US\$	US\$	US\$
Balance at 1 January 2020	2,180,628	548,355,321	924,082,828	1,474,618,777
Total comprehensive income for the year:				
Net profit for the year	-	-	330,951,973	330,951,973
Transactions with shareholders, recognised directly in equity:				
Repurchase of Ordinary Shares	(11,268)	(5,868,279)	-	(5,879,547)
Balance at 1 January 2021	2,169,360	542,487,042	1,255,034,801	1,799,691,203
Total comprehensive income for the year:				
Net profit for the year	-	-	839,965,332	839,965,332
Transactions with shareholders, recognised directly in equity:				
Repurchase of Ordinary Shares	(34,013)	(32,644,600)	-	(32,678,613)
Balance at 31 December 2021	2,135,347	509,842,442	2,095,000,133	2,606,977,922

The accompanying notes are an integral part of these financial statements

14. Statement of Cash Flows

For the year ended 31 December 2021

	Note	2021 US\$	2020 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		839,965,332	330,951,973
Adjustments for:			
Bank interest income		(22,395)	(19,145)
Bank interest expense		1,722,924	600,009
Dividend income		(7,505,712)	(7,762,121)
Net changes in fair value of financial assets at fair value through profit or loss		(721,527,436)	(346,398,761)
Gains on disposals of investments		(157,569,945)	(8,972,704)
		(44,937,232)	(31,600,749)
Net cash flows from subsidiaries carried at fair value		77,527,696	61,403,645
Changes in other receivables and balances due from brokers		(1,232,092)	77,290
Changes in balances due to brokers and accounts payable and accruals		5,237,023	(572,654)
		36,595,395	29,307,532
Proceeds from disposals of investments		561,091,049	226,139,022
Purchases of investments		(584,961,158)	(241,673,807)
Bank interest income received		22,395	19,145
Bank interest expense paid		(1,722,924)	(600,009)
Dividends received		6,737,391	7,983,941
Net cash generated from operating activities		17,762,148	21,175,824
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings		420,000,000	210,000,000
Repayments of borrowings		(420,000,000)	(210,000,000)
Repurchase of Ordinary Shares		(32,678,613)	(5,879,547)
Net cash used in financing activities		(32,678,613)	(5,879,547)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
		(14,916,465)	15,296,277
Cash and cash equivalents at the beginning of the year		24,769,597	9,473,320
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6	9,853,132	24,769,597

The accompanying notes are an integral part of these financial statements

15. Notes to the Financial Statements

For the year ended 31 December 2021

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

1. THE COMPANY

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

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

The Company’s Ordinary Shares have been listed on the main market of the London Stock Exchange since 5 July 2016 (until 4 July 2016: listed on the Irish Stock Exchange). The Company is established for an unlimited duration. As required by the Company’s Restated and Amended Memorandum and Articles of Association (the “Articles”), at the annual general meeting (“AGM”) held on 18 June 2020, a special resolution to wind up the Company on 31 December 2022 was put to the meeting but was not passed. In accordance with the Articles, the Company will put before the AGM in 2025 a special resolution to wind up the Company effective on 31 December 2027.

The Company had the following investments in subsidiaries and joint operation as at 31 December 2021, for the purpose of investment holding:

Subsidiaries	Country of incorporation	Principal activities	% ownership
Grinling International Limited	British Virgin Islands	Investment holding	100%
Wareham Group Limited	British Virgin Islands	Investment holding	100%
Goldchurch Limited	British Virgin Islands	Investment holding	100%
VEIL Holdings Limited	British Virgin Islands	Investment holding	100%
Venner Group Limited	British Virgin Islands	Investment holding	100%
Rickmansworth Limited	British Virgin Islands	Investment holding	100%
VEIL Infrastructure Limited	British Virgin Islands	Investment holding	100%
Amersham Industries Limited	British Virgin Islands	Investment holding	100%
Balestrand Limited	British Virgin Islands	Investment holding	100%
Asia Reach Investment Limited (*)	British Virgin Islands	Investment holding	100%

(*) This subsidiary was dissolved in 2021.

Joint operation	Country of incorporation	Principal activities	% ownership
Dragon Financial Holdings Limited	British Virgin Islands	Investment holding	90%

As at 31 December 2021 and 31 December 2020, the Company had no employees.

2. BASIS OF PREPARATION

(a) Basis of accounting

The Company’s financial statements as at and for the year ended 31 December 2021 have been prepared in accordance with IFRS. They were authorised for issue by Company’s Board of Directors on 28 April 2022.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis, except for financial instruments classified as financial assets at fair value through profit or loss which are measured at fair value. The methods used to measure fair values are described in Note 3(c)(iii).

(c) Functional and presentation currency

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

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

2. BASIS OF PREPARATION (Continued)

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

(d) Use of estimates and judgments

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have significant effect on the amounts recognised in the financial statements are discussed as follows:

Assessment as investment entity

Entities that meet the definition of an investment entity within IFRS 10 - *Consolidated Financial Statements* are required to account for investments in controlled entities, as well as investments in associates and joint ventures, at fair value through profit and loss. Subsidiaries that provide investment related services or engage in permitted investment related activities with investees continue to be consolidated unless they are also investment entities.

The criteria which define an investment entity are currently as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Board of Directors has made an assessment and concluded that the Company meets the above listed criteria of an investment entity. The investment objective of the Company is to provide shareholders with attractive capital returns by investing directly or indirectly through its subsidiaries in a diversified portfolio of listed and unlisted securities in Vietnam. The Company has always measured its investment portfolio at fair value. The exit strategy for all investments held by the Company and its subsidiaries is assessed regularly, documented and submitted to the Investment Committee for approval.

The Company also meets the additional characteristics of an investment entity, in that it has more than one investment; the investments are predominantly in the form of equities and similar securities; it has more than one investor and its investors are not related parties. The Board has concluded that the Company therefore meets the definition of an investment entity. These conclusions will be reassessed on an annual basis for changes in any of these criteria or characteristics.

Fair value of financial instruments

The most significant estimates relate to the fair valuation of subsidiaries and the fair valuation of financial instruments with significant unobservable inputs in their underlying investment portfolio.

The Board has assessed the fair valuation of each subsidiary to be equal to its net asset value at the reporting date, and the primary constituent of net asset value across subsidiaries is their underlying investment portfolio.

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

2. BASIS OF PREPARATION (Continued)

Within the underlying investment portfolio, the fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Board uses its judgments to select a variety of valuation methods and make assumptions that are mainly based on market conditions existing at each reporting date.

Impairment of financial assets

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

(e) Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future (being a period of 12 months from the date these financial statements were approved). Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern, having taken into account the liquidity of the Company's investment portfolio and the Company's financial position in respect of its cash flows, borrowing facilities and investment commitments. Therefore, the financial statements have been prepared on the going concern basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been applied consistently to all periods presented in these financial statements.

(a) Subsidiaries and joint operation

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

The Company is an investment entity and measures investments in its subsidiaries at fair value through profit or loss (see Note 2(d)). In determining whether the Company meets the definition of an investment entity, the Board considered the Company and its subsidiaries as a whole. In particular, when assessing the existence of investment exit strategies and whether the Company has more than one investment, the Board took into consideration the fact that all subsidiaries were formed in connection with the Company in order to hold investments on behalf of the Company.

Joint operation is a joint arrangement whereby the Company has joint control and rights to the assets and obligations for the liabilities relating to the arrangement. The Company recognises its share of identifiable assets, liabilities and transactions of the joint operation. Assets, liabilities and transactions of the joint operation are accounted for in accordance with the relevant accounting policies as presented in Note 3.

(b) Foreign currency transactions

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

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

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

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial assets and financial liabilities

(i) Recognition and initial measurement

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

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement

Classification of financial assets

On initial recognition, the Company classifies financial assets as measured at amortised cost or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest.

All other financial assets of the Company are measured at FVTPL.

Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

The Company has determined that it has two business models:

- *Held-to-collect business model*: this includes cash and cash equivalents, balances due from brokers and other receivables. These financial assets are held to collect contractual cash flows.
- *Other business model*: this includes debt securities, equity investments and unlisted private equities. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Company’s claim to cash flows from specified assets (e.g. non-recourse features); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition unless the Company were to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

Subsequent measurement of financial assets

- *Financial assets at FVTPL*

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income and expense and foreign exchange gains and losses, are recognised in profit or loss.

- *Financial assets at amortised cost*

These assets are subsequently measured at amortised cost using the effective interest method. Interest income is recognised in “interest income calculated by using the effective interest method”, foreign exchange gains and losses are recognised in “net foreign exchange gain/loss” and impairment is recognised in “impairment losses on financial instruments” in the statement of comprehensive income. Any gain or loss on derecognition is also recognised in profit or loss.

Cash and cash equivalents, balances due from brokers and other receivables are included in this category.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial liabilities at amortised cost: This includes balances due to brokers, borrowings and accounts payable and accruals.

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(iii) Fair value measurement

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

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

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Company recognises transfer between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

(iv) Amortised cost measurement

The “amortised cost” of a financial asset or liability is the amount at which the financial asset or financial liability is measured on initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

(v) Impairment

The Company recognises loss allowances for expected credit losses (“ECLs”) on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for following, which are measured at 12-month ECLs:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

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

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

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

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

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement of ECLs

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

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

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

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECLs in the statement of financial position

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

Write-off

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

(vi) Derecognition

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

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

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

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(vii) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis for gains and losses from financial instruments at FVTPL and foreign exchange gains and losses.

(d) Cash and cash equivalents

Cash and cash equivalents comprise deposits with banks and highly liquid financial assets with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value and are used by the Company in the management of short-term commitments, other than cash collateral provided in respect of derivatives and securities borrowing transactions.

(e) Share capital

Issuance of share capital

Management Shares and Ordinary Shares are classified as equity. The difference between the issued price and the par value of the shares less any incremental costs directly attributable to the issuance of shares is credited to share premium.

Repurchase of Ordinary Shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Par value of repurchased shares is presented as deductions from share capital and the excess over par value of repurchased shares is presented as deductions from share premium. When repurchased shares are sold or reissued subsequently, the amount received is recognised as an increase in share capital and share premium which is similar to the issuance of share capital.

(f) Segment reporting

The Company is organised and operates as one operating segment – investment in equity securities in Vietnam. Consequently, no segment reporting is provided in the Company's financial statements.

(g) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(h) Interest income

Interest income, including interest income from non-derivative financial assets at fair value through profit or loss, are recognised in profit or loss, using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts, without consideration of future credit losses, over the expected life of the financial instrument or through to the next market based repricing date to the net carrying amount of the financial instrument on initial recognition.

Interest received or receivable are recognised in profit or loss as interest income.

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Dividend income

Dividend income is recognised in profit or loss on the date on which the right to receive payment is established. For listed equity securities, this is usually the ex-dividend date. For unlisted equity securities, this is usually the date on which the shareholders approve the payment of a dividend.

Dividend income from equity securities designated as at fair value through profit or loss is recognised in profit or loss in a separate line item.

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

Net income from financial instruments at fair value through profit or loss include all realised and unrealised fair value changes and foreign exchange differences, but excludes interest and dividend income, and dividend expense on securities sold short.

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

(k) Expenses

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

(l) Basic earnings per share and Net Asset Value per share

The Company presents basic earnings per share ("EPS") for its Ordinary Shares. Basic EPS is calculated by dividing net profit or loss attributable to the Ordinary Shareholders by the weighted average number of Ordinary Shares outstanding during the year. The Company did not have potentially dilutive shares as of 31 December 2021 and 2020.

Net asset value ("NAV") per share is calculated by dividing the NAV attributable to the Ordinary Shareholders by the number of outstanding Ordinary Shares as at the reporting date. NAV is determined as total assets less total liabilities. Where Ordinary Shares have been repurchased, NAV per share is calculated based on the assumption that those repurchased Ordinary Shares have been cancelled.

(m) Related parties

A party is considered to be related to the Company if:

- a) The party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Company; (ii) has an interest in the Company that gives it significant influence over the Company, or (iii) has joint control over the Company;
- b) The party is an associate;
- c) The party is a joint venture;
- d) The party is a member of the key management personnel of the Company;
- e) The party is a close member of the family of any individual referred to in (a) or (d);
- f) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- g) The party is a post-employment benefit plan for the benefit of the employees of the Company, or of any entity that is related party of the Company.

Dragon Capital Group Limited, together with its subsidiaries (including Dragon Capital Management (HK) Limited), associates, and investment companies/funds under their management, are considered related parties to the Company.

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

4. TRANSACTIONS WITH RELATED PARTIES

Dominic Scriven O.B.E, a Non-executive Director, is a beneficial shareholder of the Company, holding 36,423 Ordinary Shares of the Company as at 31 December 2021 (31 December 2020: 36,423 Ordinary Shares). Dominic Scriven O.B.E also has indirect interests in the share capital of the Company as he is a shareholder of Dragon Capital Group Limited, the parent company of Dragon Capital Limited which holds the Management Shares of the Company. Dragon Capital Group Limited is also the ultimate parent company of Enterprise Investment Management Limited, which was the Investment Manager of the Company until 31 March 2021, Dragon Capital Management (HK) Limited, which is the Investment Manager of the Company from 1 April 2021, and Dragon Capital Markets Limited. As at 31 December 2021, Dragon Capital Markets Limited beneficially held 1,010,359 Ordinary Shares of the Company for investment and proprietary trading purposes (31 December 2020: 1,010,359 Ordinary Shares).

Gordon Lawson, a Senior Independent Non-executive Director, is a beneficial shareholder of the Company, holding 25,000 Ordinary Shares of the Company as at 31 December 2021 (31 December 2020: 25,000 Ordinary Shares).

Sarah Arkle, an Independent Non-executive Director, is a beneficial shareholder of the Company, holding 4,696 Ordinary Shares of the Company as at 31 December 2021 (31 December 2020: 4,696 Ordinary Shares).

During the year, the Directors, with exception of Dominic Scriven O.B.E, earned US\$189,090 (2020: US\$165,000) for their participation on the Board of Directors of the Company.

During the year, total broker fees paid to Ho Chi Minh City Securities Corporation – an associate of Dragon Capital Group Limited and one of the securities brokers of the Company and its subsidiaries – amounted to US\$671,844 (2020: US\$380,878). As at 31 December 2021, the broker fee payable to this broker was US\$4,477 (31 December 2020: Nil).

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	31 December 2021	31 December 2020
	US\$	US\$
Directly held investments (a)	1,137,326,975	769,940,680
Investments in subsidiaries (b)	1,465,085,203	1,007,031,704
	2,602,412,178	1,776,972,384

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

	2021	2020
	US\$	US\$
Unrealised gains of investments directly held by the Company (a)	185,946,241	107,411,400
Fair value movements in investments in subsidiaries (b)	535,581,195	238,987,361
	721,527,436	346,398,761

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

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

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

	31 December 2021	31 December 2020
	US\$	US\$
Listed investments:		
Investments, at cost	700,877,999	519,437,945
Unrealised gains	436,448,976	250,502,735
At carrying value	1,137,326,975	769,940,680
Unlisted investments:		
Investments, at cost	3,762,362	3,762,362
Unrealised losses	(3,762,362)	(3,762,362)
At carrying value	-	-
	1,137,326,975	769,940,680

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

	31 December 2021	31 December 2020
	US\$	US\$
Opening balance	769,940,680	638,021,791
Purchases	584,961,158	241,673,807
Sales	(403,521,104)	(217,166,318)
Unrealised gains	185,946,241	107,411,400
Closing balance	1,137,326,975	769,940,680

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

The net assets of the Company's subsidiaries comprised:

	31 December 2021	31 December 2020
	US\$	US\$
Cash and cash equivalents	4,698,609	22,261,057
Financial assets at fair value through profit or loss (c)	1,455,238,030	983,928,129
Other receivables	1,417,772	842,518
Balances due from brokers	3,730,792	-
Total assets	1,465,085,203	1,007,031,704
Total liabilities	-	-
Net assets	1,465,085,203	1,007,031,704

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

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

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

	31 December 2021	31 December 2020
	US\$	US\$
Opening balance	1,007,031,704	829,447,988
Net cash flows from subsidiaries	(77,527,696)	(61,403,645)
Fair value movements in investments in subsidiaries	535,581,195	238,987,361
Closing balance	1,465,085,203	1,007,031,704

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

	31 December 2021	31 December 2020
	US\$	US\$
Listed investments:		
Investments, at cost	733,697,244	593,496,859
Unrealised gains	721,540,786	390,431,270
At carrying value	1,455,238,030	983,928,129

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

	31 December 2021	31 December 2020
	US\$	US\$
Opening balance	983,928,129	808,293,291
Purchases	569,500,379	283,071,136
Sales	(386,253,924)	(272,310,465)
Settlement	(43,046,070)	-
Unrealised gains	331,109,516	164,874,167
Closing balance	1,455,238,030	983,928,129

Investment portfolio by sector was as follows:

	31 December 2021		31 December 2020	
	US\$	%	US\$	%
Banking	930,989,729	36	591,569,248	33
Real Estate & Construction	726,542,405	28	410,471,646	23
Material & Resources	347,931,918	13	223,764,582	13
Retail	250,350,072	10	207,845,312	12
Software & Services	111,191,175	4	71,236,340	4
Diversified Financials	110,950,794	4	-	-
Consumer Durables	43,307,640	2	39,093,283	2
Energy	31,876,434	1	49,524,028	3
Transportation	25,623,344	1	67,422,278	4
Food & Beverages	13,801,493	1	92,942,092	5
Net monetary assets kept by subsidiaries	9,847,174	-	23,103,575	1
	2,602,412,178	100	1,776,972,384	100

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

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

(d) Restrictions

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

(e) Support

The Company provides or receives ongoing support to/from its subsidiaries for the purchase/sale of portfolio investments. During the year, the Company received support from its unconsolidated subsidiaries as noted in Note 5(b). The Company has no contractual commitments or current intentions to provide any other financial or other support to its unconsolidated subsidiaries.

6. CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
	US\$	US\$
Cash in banks	9,853,132	24,769,597

7. ACCOUNTS PAYABLE AND ACCRUALS

	31 December 2021	31 December 2020
	US\$	US\$
Management fees	3,670,990	2,782,125
Administration fees	263,281	95,027
Other payables	62,000	92,000
	3,996,271	2,969,152

8. ISSUED SHARE CAPITAL AND SHARE PREMIUM

	31 December 2021	31 December 2020
	US\$	US\$
Authorised:		
500,000,000 Ordinary Shares at par value of US\$0.01 each	5,000,000	5,000,000
300,000,000 Conversion Shares at par value of US\$0.01 each	3,000,000	3,000,000
1,000 Management Shares at par value of US\$0.01 each	10	10
	8,000,010	8,000,010
Issued and fully paid:		
220,920,746 Ordinary Shares at par value of US\$0.01 each (31 December 2020: 220,920,746 Ordinary Shares at par value of US\$0.01 each)	2,209,207	2,209,207
1,000 Management Shares at par value of US\$0.01 each	10	10
	2,209,217	2,209,217
Treasury Shares:		
Ordinary Shares	(58,546)	(39,857)
Shares in circulation:		
Ordinary Shares	2,135,337	2,169,350
Management Shares	10	10
Outstanding issued share capital in circulation	2,135,347	2,169,360

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

8. ISSUED SHARE CAPITAL AND SHARE PREMIUM (Continued)

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

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

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

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

The Management Shares shall not be redeemed by the Company, and do not carry any right to dividends. In a winding up, Management Shares are entitled to a return of paid up nominal capital out of the assets of the Company, but only after the return of nominal capital paid up on Ordinary Shares. The Management Shares each carry one vote on a poll. The holders of the Management Shares have the exclusive right to appoint two individuals to the Board.

As at 31 December 2021 and 2020, the following shareholder owned more than 10% of the Company's issued Ordinary Share capital:

	31 December 2021		31 December 2020	
	Number of Ordinary Shares held	% of total Ordinary Shares in issue	Number of Ordinary Shares held	% of total Ordinary Shares in issue
Inter Fund Management S.A.	26,491,515	12.41	26,259,515	12.10
Bill & Melinda Gates Foundation	25,087,859	11.75	25,128,192	11.58

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

	Year ended 31 December 2021		Year ended 31 December 2020	
	Shares	US\$	Shares	US\$
Balance at the beginning of the year	216,935,108	2,169,350	218,061,888	2,180,618
Repurchase of Ordinary Shares during the year	(3,401,261)	(34,013)	(1,126,780)	(11,268)
Balance at the end of the year	213,533,847	2,135,337	216,935,108	2,169,350

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

8. ISSUED SHARE CAPITAL AND SHARE PREMIUM (Continued)

Movements in share premium during the year were as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
	US\$	US\$
Balance at the beginning of the year	542,487,042	548,355,321
Repurchase of Ordinary Shares during the year	(32,644,600)	(5,868,279)
Balance at the end of the year	509,842,442	542,487,042

9. NET ASSET VALUE PER ORDINARY SHARE

The calculation of the NAV per Ordinary Share was based on the net assets attributable to the Ordinary Shareholders of the Company as at 31 December 2021 of US\$2,606,977,922 (31 December 2020: US\$1,799,691,203) and the number of outstanding Ordinary Shares in issue as at that date of 213,533,847 shares (31 December 2020: 216,935,108 shares).

10. FEES

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

Administration fees

Standard Chartered Bank (the "Administrator") is entitled to receive a fee of 0.048% (2020: 0.048%) of the gross assets per annum, payable monthly in arrears and subject to a minimum monthly fee of US\$4,000 per fund. During the year, total administration fees amounted to US\$1,382,403 (2020: US\$936,822). As at 31 December 2021, an administration fee of US\$263,281 (31 December 2020: US\$95,027) was payable to the Administrator.

Custody fees

Standard Chartered Bank (the "Custodian") is entitled to receive a fee of 0.04% (2020: 0.04%) of the assets under custody per annum, payable monthly in arrears and subject to a minimum monthly fee of US\$500 per custody account. In addition, the Custodian is entitled to US\$20 per listed transaction and US\$10 per scripless securities. During the year, total custody fees amounted to US\$985,863 (2020: US\$731,557). There were no custody fees payable as at 31 December 2021 and 2020.

Directors' fees

During the year, total directors' fees amounted to US\$189,090 (2020: US\$165,000). There were no directors' fees payable as at 31 December 2021 and 2020. Dominic Scriven O.B.E has permanently waived his rights to receive directors' fees for his services as Director of the Company.

Management fees

Prior to 1 July 2021, the management fee was calculated and accrued daily on the following basis:

- 2% per annum on the first US\$1.25 billion of the NAV;
- 1.75% per annum on the portion of the NAV in excess of US\$1.25 billion and less than or equal to US\$1.5 billion; and
- 1.5% per annum on the portion of the NAV above US\$1.5 billion.

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

- 1.85% per annum on the first US\$1.25 billion of the NAV;
- 1.65% per annum on the portion of the NAV in excess of US\$1.25 billion and less than or equal to US\$1.5 billion; and
- 1.5% per annum on the portion of the NAV above US\$1.5 billion.

During the year, total management fees amounted to US\$40,552,937 (2020: US\$27,335,507). As at 31 December 2021, a management fee of US\$3,670,990 (31 December 2020: US\$2,782,125) remained payable to the Investment Manager.

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

10. FEES (Continued)

Audit and non-audit fees

During the year, included in the legal and professional fees of the Company were audit and related fees amounting to US\$82,000 (2020: US\$82,000) paid to the auditor, KPMG Limited. In addition, the non-audit fees payable to KPMG LLP were US\$30,000 in 2021 (2020: US\$30,000).

11. INCOME TAX

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

Vietnam tax

In accordance with Circular No. 103/2014/TT-BTC issued by the Ministry of Finance of Vietnam taking effective from 1 October 2014 providing guidelines on the fulfilment of tax obligations of foreign entities, foreign individuals doing business in Vietnam or earning income in Vietnam, the Company is subject to 0.1% withholding tax on proceeds from transferring certificates of deposits, shares of public companies in accordance with the Law on Securities and 5% withholding tax on the interest received from any Vietnamese companies. Dividends distributed from after-tax profits by Vietnamese investee companies to foreign corporate investors are not subject to Vietnamese withholding taxes.

Hong Kong tax

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

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

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

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

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

See Note 13(B) for further details.

12. BASIC EARNINGS PER ORDINARY SHARE

The calculation of basic earnings per Ordinary Share for the year was based on the net profit for the year attributable to the Ordinary Shareholders of US\$839,965,332 (2020: net profit of US\$330,951,973) and the weighted average number of Ordinary Shares outstanding of 215,418,418 shares (2020: 217,600,160 shares) in issue during the year.

(a) Net profit attributable to the Ordinary Shareholders

	Year ended 31 December 2021	Year ended 31 December 2020
	US\$	US\$
Net profit attributable to the Ordinary Shareholders	839,965,332	330,951,973

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

12. BASIC EARNINGS PER ORDINARY SHARE (Continued)

(b) Weighted average number of Ordinary Shares

	Year ended 31 December 2021	Year ended 31 December 2020
Issued Ordinary Shares at the beginning of the year	216,935,108	218,061,888
Effect of Ordinary Shares repurchased during the year	(1,516,690)	(461,728)
Weighted average number of Ordinary Shares	215,418,418	217,600,160

(c) Basic earnings per Ordinary Share

	Year ended 31 December 2021	Year ended 31 December 2020
	US\$	US\$
Basic earnings per Ordinary Share	3.90	1.52

13. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY

A. Financial risk management

The Company and its subsidiaries mainly invest in listed and unlisted investments in Vietnam, and are exposed to credit risk, liquidity risk and market risks arising from the financial instruments they hold. The Company has formulated risk management policies and guidelines which govern its overall business strategies, its balance for risk and its general risk management philosophy, and has established processes to monitor and control transactions in a timely and accurate manner. In essence, the Company and its Investment Manager practise portfolio diversification and have adopted a range of appropriate restrictions and policies, including limiting the Company's cash investment in each investment to not more than 20% of the Company's capital at the time of investment. Nevertheless, the markets in which the Company operates and the investments that the Company makes can provide no assurance that the Company will not suffer a loss as a result of one or more of the risks described above, or as a result of other risks not currently identified by the Investment Manager.

The nature and extent of the financial instruments outstanding at the reporting date and the risk management policies employed by the Company are discussed in the following notes.

(a) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company, resulting in a financial loss to the Company.

The Company's listed and unlisted investments will only be traded on or subject to the rules of recognised stock exchanges or with counterparties which have, or whose parent company has been approved based on a set of defined criteria by the Investment Manager. All transactions in listed and unlisted securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal since the delivery of securities sold is made only once the broker has received payment. A purchase payment is only made once the securities have been received by the broker. If either party fails to meet their obligations, the trade will fail.

As at 31 December 2021 and 2020, the Company's credit risk arose principally from its other receivables, balances due from brokers, cash and cash equivalents and investments in debt securities.

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

13. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY (Continued)

The maximum exposure to credit risk faced by the Company is equal to the carrying amounts of these balances as shown on the statement of financial position. The maximum exposure to credit risk at the reporting date was as follows:

	31 December 2021	31 December 2020
	US\$	US\$
Other receivables (i)	1,686,695	918,374
Balances due from brokers (i)	1,232,092	-
Cash and cash equivalents (ii)	9,853,132	24,769,597
	12,771,919	25,687,971

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

As at 31 December 2021 and 2020, the subsidiaries' credit risk arose principally from the subsidiaries' other receivables, balances due from brokers and cash and cash equivalents.

The maximum exposure to credit risk faced by the subsidiaries is equal to the carrying amounts of other receivables, balances due from brokers and cash and cash equivalents which were as follows at the reporting date:

	31 December 2021	31 December 2020
	US\$	US\$
Other receivables (i)	1,417,772	842,518
Balances due from brokers (i)	3,730,792	-
Cash and cash equivalents (ii)	4,698,609	22,261,057
	9,847,173	23,103,575

(i) Other receivables and balances due from brokers

Other receivables represented dividends receivable from investee companies. Balances due from brokers represented receivables from sales of securities. Credit risk relating to these amounts was considered as minimal due to the short-term settlement period involved.

No receivables as at 31 December 2021 and 2020 were past due.

(ii) Cash and cash equivalents

Cash and cash equivalents of the Company and its subsidiaries were held mainly with well-known financial institutions in Singapore and Vietnam. Regarding the credit rating profile of these financial institutions, the Directors believe credit risks from these deposits was minimal and do not expect that these financial institutions may default and cause losses to the Company.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company also regularly monitors current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

As at 31 December 2021 and 2020, all the contractual maturities of non-derivative financial liabilities of the Company and its subsidiaries were payable within a year.

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

13. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY (Continued)

(c) Market risk

Market risk is the risk that changes in market prices, such as equity prices, interest rates and foreign exchange rates, will affect the income of the Company and the value of its holdings of financial instruments. The objectives of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Equity price risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of the equity indices and the values of individual securities. The trading equity price risk exposure arises from the Company's investment portfolio. The Company is exposed to equity price risk on all of its directly held and underlying listed and unlisted equity investments for which an active over-the-counter market exists. The Company's equity price risk is managed by the Investment Manager who seeks to monitor the risk through a careful selection of securities within specified limits.

Equity price risk for the Company's underlying listed investments principally relates to investments listed on the Ho Chi Minh City Stock Exchange and the Hanoi Stock Exchange in Vietnam. The Investment Manager's best estimate of the effect on net assets and losses due to a reasonably possible change in equity indices, with all other variables held constant was as follows:

	Change in index level	Effects on net assets	Change in index level	Effects on net assets
	2021	2021	2020	2020
Market Indices	%	US\$m	%	US\$m
VN Index	52	1,362	51	918
VN Index	(52)	1,362	(51)	(918)

Equity price risk for the Company's underlying unlisted investments principally related to investments in over-the-counter and private equities in Vietnam. Valuation of these investments is made using appropriate valuation methodologies. The methodology of valuation of these investments takes into consideration a variety of factors, which means that the unlisted investments are also exposed to equity price risk.

Interest rate risk

The Company and its subsidiaries are exposed to risks associated with the effect of fluctuations in the prevailing levels of floating market interest rates on its financial position and cash flows. The Company and its subsidiaries have the ability to borrow funds from banks and other financial institutions in order to increase the amount of capital available for investments. Consequently, the level of interest rates at which the Company and its subsidiaries can borrow will affect the operating results of the Company and its subsidiaries. The Investment Manager monitors overall interest sensitivity of the Company and its subsidiaries on a monthly basis.

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

13. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY (Continued)

The table below summarises the Company's exposure to interest rate risk. Included in the table are the Company's assets and liabilities at carrying value, categorised by maturity date. The net interest sensitivity gap represents the contractual amounts of all interest sensitive financial instruments.

	Up to 1 year	1 - 5 years	Non-interest bearing	Total
31 December 2021	US\$	US\$	US\$	US\$
ASSETS				
Other receivables	-	-	1,686,695	1,686,695
Balances due from brokers	-	-	1,232,092	1,232,092
Cash and cash equivalents	9,853,132	-	-	9,853,132
TOTAL ASSETS	9,853,132	-	2,918,787	12,771,919
LIABILITIES				
Balances due to brokers	-	-	(4,209,904)	(4,209,904)
Accounts payable and accruals	-	-	(3,996,271)	(3,996,271)
TOTAL LIABILITIES	-	-	(8,206,175)	(8,206,175)
NET INTEREST SENSITIVITY GAP	9,853,132	-	N/A	N/A
	Up to 1 year	1 - 5 years	Non-interest bearing	Total
31 December 2020	US\$	US\$	US\$	US\$
ASSETS				
Other receivables	-	-	918,374	918,374
Cash and cash equivalents	24,769,597	-	-	24,769,597
TOTAL ASSETS	24,769,597	-	918,374	25,687,971
LIABILITIES				
Accounts payable and accruals	-	-	(2,969,152)	(2,969,152)
TOTAL LIABILITIES	-	-	(2,969,152)	(2,969,152)
NET INTEREST SENSITIVITY GAP	24,769,597	-	N/A	N/A

A change of 100 basis points in interest rates would have increased or decreased the net assets attributable to the Ordinary Shareholders by US\$98,531 (31 December 2020: US\$247,696). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

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

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

13. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY (Continued)

The table below summarises the subsidiaries' exposure to interest rate risk. Included in the table are the subsidiaries' assets and liabilities categorised by maturity date. The net interest sensitivity gap represents the net carrying amounts of all interest sensitive financial instruments.

	Up to 1 year	1 – 5 years	Non-interest bearing	Total
31 December 2021	US\$	US\$	US\$	US\$
ASSETS				
Other receivables	-	-	1,417,772	1,417,772
Balances due from brokers	-	-	3,730,792	3,730,792
Cash and cash equivalents	4,698,609	-	-	4,698,609
TOTAL ASSETS	4,698,609	-	5,148,564	9,847,173
TOTAL LIABILITIES	-	-	-	-
NET INTEREST SENSITIVITY GAP	4,698,609	-	N/A	N/A
	Up to 1 year	1 – 5 years	Non-interest bearing	Total
31 December 2020	US\$	US\$	US\$	US\$
ASSETS				
Other receivables	-	-	842,518	842,518
Cash and cash equivalents	22,261,057	-	-	22,261,057
TOTAL ASSETS	22,261,057	-	842,518	23,103,575
TOTAL LIABILITIES	-	-	-	-
NET INTEREST SENSITIVITY GAP	22,261,057	-	N/A	N/A

A change of 100 basis points in interest rates would have increased or decreased the net assets attributable to the Company by US\$46,986 (31 December 2020: US\$222,611). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Foreign currency risk

Foreign currency risk is the risk that changes in foreign exchange rates will affect the Company and its subsidiaries' income or the value of its holding of financial instruments. The Company and its subsidiaries ensure that the net exposure to this risk is kept to an acceptable level by buying or selling foreign currencies at spot rates to address short-term imbalances where necessary.

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

13. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY (Continued)

The table below summarises the exposure of the Company to currency risks as at 31 December 2021 and 2020. Included in the table are the assets and liabilities categorised by their base currency.

31 December 2021 (Denominated in VND)	US\$
ASSETS	
Financial assets at fair value through profit or loss	1,137,326,975
Other receivables	1,686,695
Balances due from brokers	1,232,092
Cash and cash equivalents	9,771,199
TOTAL ASSETS	1,150,016,961
LIABILITIES	
Balances due to brokers	4,209,904
NET CURRENCY POSITION	1,145,807,057
31 December 2020 (Denominated in VND)	
US\$	
ASSETS	
Financial assets at fair value through profit or loss	769,940,680
Other receivables	918,374
Cash and cash equivalents	22,357,187
TOTAL ASSETS	793,216,241
LIABILITIES	
	-
NET CURRENCY POSITION	793,216,241

As at 31 December 2021, had the US\$ strengthened or weakened by 1% (31 December 2020: 1%) against the VND with all other variables held constant, the net assets attributable to the Ordinary Shareholders would have been decreased or increased by the amounts shown below. This analysis was performed on the same basis as in 2020.

	Denominated in VND
	US\$
2021	11,344,624
2020	7,853,626

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

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

13. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY (Continued)

The table below summarises the exposure of the subsidiaries to currency risks as at 31 December 2021 and 2020. Included in the table are the assets and liabilities categorised by their base currency.

31 December 2021 (Denominated in VND)	US\$
ASSETS	
Financial assets at fair value through profit or loss	1,455,238,030
Other receivables	1,417,772
Balances due from brokers	3,730,792
Cash and cash equivalents	4,698,609
TOTAL ASSETS	1,465,085,203
LIABILITIES	
	-
NET CURRENCY POSITION	1,465,085,203
31 December 2020 (Denominated in VND)	
ASSETS	
Financial assets at fair value through profit or loss	983,928,129
Other receivables	842,518
Cash and cash equivalents	22,260,850
TOTAL ASSETS	1,007,031,497
LIABILITIES	
	-
NET CURRENCY POSITION	1,007,031,497
As at 31 December 2021, had the US\$ strengthened or weakened by 1% (31 December 2020: 1%) against VND with all other variables held constant, the net assets attributable to the Company would have been decreased or increased by the amounts shown below. This analysis was performed on the same basis as in 2020.	
	Denominated in VND
	US\$
2021	14,505,794
2020	9,970,609

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

13. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY (Continued)

(d) Fair values of financial assets and liabilities

(i) Valuation model

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

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

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are not considered active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

13. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY (Continued)

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

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

As at 31 December 2021	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets at fair value through profit or loss				
• Listed investments	1,137,326,975	-	-	1,137,326,975
• Investments in subsidiaries	-	-	1,465,085,203	1,465,085,203
	1,137,326,975	-	1,465,085,203	2,602,412,178
As at 31 December 2020	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets at fair value through profit or loss				
• Listed investments	769,940,680	-	-	769,940,680
• Investments in subsidiaries	-	-	1,007,031,704	1,007,031,704
	769,940,680	-	1,007,031,704	1,776,972,384

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

	Level 1		Level 2		Level 3	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Opening balance	769,940,680	635,454,092	-	2,567,699	1,007,031,704	829,447,988
Purchases	584,961,158	237,276,984	-	4,396,823	-	-
Sales	(403,521,104)	(208,057,811)	-	(9,108,507)	-	-
Net cash flows from subsidiaries	-	-	-	-	(77,527,696)	(61,403,645)
Unrealised gains recognised in profit or loss	185,946,241	105,267,415	-	2,143,985	535,581,195	238,987,361
Closing balance	1,137,326,975	769,940,680	-	-	1,465,085,203	1,007,031,704
Total unrealised gains for the year included in net changes in fair value of financial assets at fair value through profit or loss	185,946,241	105,267,415	-	2,143,985	535,581,195	238,987,361

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

13. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY (Continued)

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

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

As at 31 December 2021	Level 1	Level 2	Level 3	Total
	US\$	US\$	US\$	US\$
Financial assets at fair value through profit or loss				
• Listed investments	1,455,238,030	-	-	1,455,238,030
	1,455,238,030	-	-	1,455,238,030
As at 31 December 2020	Level 1	Level 2	Level 3	Total
	US\$	US\$	US\$	US\$
Financial assets at fair value through profit or loss				
• Listed investments	983,928,129	-	-	983,928,129
	983,928,129	-	-	983,928,129

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

	Level 1		Level 2		Level 3	
	2021	2020	2021	2020	2021	2020
	US\$	US\$	US\$	US\$	US\$	US\$
Opening balance	983,928,129	806,612,733	-	1,680,558	-	-
Transfer from level 2 to level 1	-	-	-	-	-	-
Purchases	569,500,379	283,071,136	-	-	-	-
Sales	(386,253,924)	(269,226,667)	-	(3,083,798)	-	-
Settlement	(43,046,070)	-	-	-	-	-
Unrealised gains	331,109,516	163,470,927	-	1,403,240	-	-
Closing balance	1,455,238,030	983,928,129	-	-	-	-
Total unrealised gains included in net changes in fair value of financial assets at fair value through profit or loss	331,109,516	163,470,927	-	1,403,240	-	-

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

13. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY (Continued)

(e) Classification of financial assets and financial liabilities

The following table shows the classification of financial assets and financial liabilities of the Company:

	Designated at fair value	Amortised cost	Total carrying amount
31 December 2021	US\$	US\$	US\$
ASSETS			
Financial assets at fair value through profit or loss	2,602,412,178	-	2,602,412,178
Other receivables	-	1,686,695	1,686,695
Balances due from brokers	-	1,232,092	1,232,092
Cash and cash equivalents	-	9,853,132	9,853,132
	2,602,412,178	12,771,919	2,615,184,097
LIABILITIES			
Balances due to brokers	-	4,209,904	4,209,904
Accounts payable and accruals	-	3,996,271	3,996,271
	-	8,206,175	8,206,175
ASSETS			
31 December 2020	US\$	US\$	US\$
ASSETS			
Financial assets at fair value through profit or loss	1,776,972,384	-	1,776,972,384
Other receivables	-	918,374	918,374
Cash and cash equivalents	-	24,769,597	24,769,597
	1,776,972,384	25,687,971	1,802,660,355
LIABILITIES			
Accounts payable and accruals	-	2,969,152	2,969,152
	-	2,969,152	2,969,152

(f) Capital management

The Company considers the capital under management as equal to net assets attributable to the Ordinary Shareholders. The Company has engaged the Investment Manager to allocate the net assets in such a way to generate investment returns that are commensurate with the investment strategies of the Company.

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

13. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY (Continued)

B. Uncertainty

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

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

The implementation and enforcement of tax regulations in Vietnam can vary depending on numerous factors, including the identity of the tax authority involved. The administration of laws and regulations by government agencies may be subject to considerable discretion, and in many areas, the legal framework is vague, contradictory and subject to different and inconsistent interpretation. The Directors believe that it is unlikely that the Company will be exposed to tax liabilities in Vietnam, and as a result, provision for tax liabilities have not been made in the financial statements.

The Offshore Persons Exemption is provided under Section 20AC of the Inland Revenue Ordinance (“IRO”) and applies to exempt non-fund and non-resident persons from Hong Kong Profits Tax (“HKPT”) subject to satisfying certain conditions. Effective from 1 April 2019, the New Funds Exemption under Section 20AN of the IRO provides that funds within the meaning of Section 20AM, resident and non-resident, will be exempt from HKPT subject to certain conditions. The Directors believe that they have implemented steps to enable The Company to satisfy all the conditions to be exempted from HKPT for the year ended 31 December 2021.

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

14. SUBSEQUENT EVENTS

From 1 January to 26 April 2022, the Company repurchased 3,570,864 Ordinary Shares for a total consideration of US\$35,202,492.

15. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 28 April 2022.

16. Corporate Information

Registered Office

Vietnam Enterprise Investments Limited

c/o Maples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

Investment Manager

Dragon Capital Management (HK) Limited

Unit 2406, 24/F
9 Queen's Road
Central
Hong Kong

Corporate Broker

Jefferies International Limited

100 Bishopsgate
London EC2N 4JL
United Kingdom

Company Secretary

Maples Secretaries (Cayman) Limited

PO Box 1093
Queensgate House
Grand Cayman KY1-1102
Cayman Islands

Administrator and Offshore Custodian

Standard Chartered Bank

Standard Chartered @ Changi
No 7, Changi Business Park
Crescent
Level 03
Singapore 486028

Vietnam Custodian

Standard Chartered Bank (Vietnam) Ltd.

1810-1815, Keangnam Hanoi Landmark, E6
Pham Hung
Me Tri Ward
South Tu Liem District
Hanoi
Vietnam

Legal Adviser to the Company

Stephenson Harwood LLP

1 Finsbury Circus
London EC2M 7SH
United Kingdom

Depository

Computershare Investor Services PLC

The Pavilions
Bridgwater Road
Bristol BS13 8AE
United Kingdom

Auditors

KPMG Limited

10th Floor Sun Wah Tower
115 Nguyen Hue
District 1
Ho Chi Minh City
Vietnam

Registrar

Computershare Investor Services (Cayman) Limited

Windward 1
Regatta Office Park
West Bay Road
Grand Cayman KY1-1103
Cayman Islands

17. Investor Information

Enquiries

For institutional investors based in Europe: dcme@dragoncapital.com
Other enquiries globally: veil@dragoncapital.com / info@dragoncapital.com

Dragon Capital Management (HK) Limited

Unit 2406, 24/F
9 Queen's Road
Central
Hong Kong
Tel: +852 3979 8100
Fax: +852 3979 8199

Dragon Capital Vietfund Management Joint Stock Company

1501 Me Linh Point
2 Ngo Duc Ke
District 1, Ho Chi Minh City
Vietnam
Tel: +84 28 3823 9355
Fax: +84 28 3823 9366

Dragon Capital Markets (Europe) Limited

Cambridge House
Henry Street
Bath, BA1 1BT
United Kingdom
Tel: +44 1225 618 150
Fax: +44 1225 618 151