

2018 ANNUAL REPORT

Vietnam Enterprise Investments Limited

DRAGON CAPITAL



Contents

| | |
|--|-----------|
| Chair's Statement | 1 |
| Company Overview and Strategy | 3 |
| Portfolio Manager's Report | 5 |
| Responsible Investment | 12 |
| Corporate Governance Statement | 13 |
| Report of the Audit and Risk Committee | 23 |
| Board Of Directors | 25 |
| Annual General Meeting | 26 |
| Name Abbreviations | 27 |
| Report of the Board of Directors | 29 |
| Independent Auditors' Report | 31 |
| Statement of Financial Position | 35 |
| Statement of Profit or Loss and Other Comprehensive Income | 36 |
| Statement of Changes in Net Assets Attributable to Holders of Ordinary Shares | 37 |
| Statement of Cash Flow | 38 |
| Notes to the Financial Statements | 39 |
| Corporate Information | 71 |
| Investor Information | 72 |

Chair's Statement

Dear Shareholders,

As ever, we continue to see a direct correlation between Vietnam's strong macro-economic fundamentals and Vietnam Enterprise Investments Limited's ("VEIL" or the "Company") performance. From a macro perspective, Vietnam's economy grew robustly in 2018 with all major growth indicators continuing to mirror the positive results seen in 2017. This strong momentum resulted in GDP growth climbing to 7.1%, the highest growth rate in ten years. More importantly, inflation continues to be well managed and under control with CPI at 3.5%, comfortably below the Government's target of 4.0%.

As for trade, Vietnam achieved a record high trade surplus of US\$7.2 billion thanks to strong FDI driven exports and, with the Comprehensive and Progressive Agreement for Trans-Pacific Partnership ("CPTPP") officially coming into effect as of 30 December 2018, Vietnam's exports are forecasted to grow an additional 4% in 2019. Overall, FDI continued to perform strongly in 2018 with total disbursement reaching a six-year high of US\$19.1 billion, up 9.1%. However, total registered FDI declined 13.8% from 2017's record level and, while we expect FDI disbursement to remain strong, it is hard to see an increase in FDI commitment in 2019 due to the high base from big projects.

That being said, this ever-expanding trade surplus meant that the economy was well placed to weather external volatility stemming from a number of sources, including currency fluctuations and a highly active stock market.

The Vietnamese Dong depreciated by 2.2% in 2018, however, it ended the year as one of the most stable currencies in the region. Additionally, the Vietnam Index ("VN Index") increased by 22.4% in the first three months of 2018 and reached an 11-year high of 1,204.3 in early April before undergoing a significant correction leading it to close the year

at 893, down 9.4%. While Vietnam's domestic fundamentals remained solid, the second quarter correction was driven by investor concerns around external factors such as trade tensions between the US and China, the impact of a weaker Chinese Yuan on the Dong and increasing foreign outflows from emerging markets.

Despite this turbulence, Vietnam's total equity market capitalisation grew from US\$155 billion to US\$172 billion by the end of the year. The combination of new listings in the first half of 2018 and improved liquidity, with average trading values per day around US\$293 million, has drawn the attention of bigger international players whose additional capital may stretch the market on both the uptrend and the downtrend. These large international investors have also continued to find the derivatives market highly attractive, as daily traded values increased from just a few million US Dollars when first introduced in July 2017 to almost US\$321 million by the end of 2018.

However, even within this challenging market landscape, our team's extensive experience and deep local knowledge led VEIL to outperform the market. VEIL beat its benchmark VN Index by 2.4% in 2018 and also outperformed the VN Index on 3-year rolling basis by 20.8%.

Our outperformance was mainly due to strong results from VEIL's top holdings, such as Asia Commercial Bank, Khang Dien House and Sabeco. Asia Commercial Bank increased by 1.5% compared to the Banking sector which dropped 11.5% in the reporting period, which was driven by its excellent earnings growth of 132% in 2018. Khang Dien House posted impressive returns, increasing 25.2%, as net earnings increased 61%. Sabeco posted strong gains of 14.9% on the back of a new management team from Thai Beverage, which has completed a restructure of the business to improve operational efficiencies and corporate governance with a view to unlocking additional value. Further to this, since

year end, some of the privatisations VEIL participated in over the last two years such as VEAM Corporation and Tin Nghia saw the value of their businesses grow by 49% and 131% respectively when they listed in 2018.

We remain positive on the 2019 outlook for Vietnam despite uncertainties in global markets. A number of key metrics favour strong domestic performance, which, when supported by key catalysts including the possibility of opening foreign ownership limits and the potential inclusion in MSCI Emerging Market's Index Watch List, all bodes well for the future. GDP growth for the year is expected to reach 7.1% while inflation is anticipated to remain well below the 4.0% Government target. Further to this our local currency remains stable thanks to both the strong trade surplus and high foreign exchange reserves.

With our domestic market's valuation having experienced its recent correction to a more reasonable level, we are confident of our ability to execute on the strong long-term buying opportunity that has been created. With our top 60 companies expect to deliver 10.1% EPS growth of 12.9x forward earnings in 2019, below regional peers such as Thailand, the Philippines, Malaysia and Indonesia, we are able to offer investors good downside protection amidst sensitive global macro factors, all of which is underpinned by our unique expertise that will to allow us to unlock value for the benefit of shareholders.

Subsequent to the reporting period, I had informed the Board that, in line with best practice in corporate governance with regard to tenure, I will step down as Chair of the Company and resign from the Board both effective 30 June 2019, after having served on the Board for more than nine years. The Board has elected Stanley Chou, currently senior independent non-executive director, as Chair of the Company upon my resignation. Mr Chou will offer himself for re-election to the Board in the usual way at the next Annual General

Chair's Statement (Continued)

Meeting of the Company. I would also like to take this opportunity to thank my colleagues, Directors and Shareholders for your tremendous support during my time as Chair.



Wolfgang Bertelsmeier
Chair
Vietnam Enterprise Investments
Limited
8 April 2019

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 VN Index, a capitalisation-weighted index of all the companies listed on the Ho Chi Minh Stock Exchange, on a rolling three-year basis. 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 UK Listing 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, 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 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 the 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.

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 over three-year rolling basis which was provided under "Portfolio Manager's Report" on page 9. Performance for one, three and five years are provided on page 10 for reference purposes.

Performance Against Reference

Performance is measured against

Company Overview and Strategy (Continued)

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 buy backs subject to market conditions. A graph showing the share price discount/premium relative to the NAV is also shown on page 9.

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 thoughts, experience and qualification 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 2018, the Board consisted of five Independent Non-Executive Directors and one Non-Independent Non-Executive Director.

Detailed information on the Board's independence, composition and diversity is provided on page 25.

Portfolio Manager's Report

Performance Overview

The 6-year uptrend for Vietnam ended in 2018 as global volatility took centre stage and the country's strong economic fundamentals took a temporary backseat, with the knock-on effect also felt across our portfolio. That being said, this was the fourth consecutive year of outperformance for VEIL. While VEIL's NAV per share (in USD terms) fell 7.1% during the year, it still outperformed its benchmark by 2.4% as the VN Index total return dropped by 9.5% in USD terms. All three of the Fund's biggest sectors, Banking, Real Estate & Construction and Food & Beverage, contributed positively to its relative return. Other notable contributors to the Fund's relative return included holdings in both the Energy and Capital Goods sectors which are respectively represented by PV Gas ("GAS") and Petrolimex ("PLX") for Energy and Vietnam Engine and Agriculture Machinery ("VEA")* for Capital Goods. In contrast, the Materials and Resources sector was the biggest drag on performance, followed by the Retail sector.

* VEA was categorised as Automobiles sector in the previous annual and interim reports. However, upon its listing on 2 July 2018, Bloomberg classified it as Capital Goods sector, therefore the Portfolio Manager re-categorised accordingly.

Attribution Analysis

The Food & Beverage sector was the biggest contributor to VEIL's relative performance in 2018 thanks to its overweight holding in Sabeco ("SAB") which rose 8.1% over the year and its underweight position in Vinamilk ("VNM") which fell 30.4% in the period. After the successful majority divestment by the State, SAB's new owner, Thai Beverage, undertook an overhaul of the executive management. The new team consists of several Thai Beverage group veterans who have already started restructuring various segments of the business including production and distribution. In 2018, SAB provided forward guidance that net sales were up 5.1% however, profit before tax ("PBT") was down 11.4% year-on-year. That said, the company reported that it had

gained an additional 2% market share in the second half of the year. Looking ahead to 2019, SAB will continue to focus its efforts on expanding market share while completing a revamp of its product mix towards the premium segment, as well as undertaking an expanded cost cutting program designed to improve margins. In contrast, VNM had a difficult year, falling 30.4%, as the company posted uninspiring financial results by its standards in which net sales increased 2.9% whilst net profit after tax after minority interest ("NPAT-MI") dropped 0.7%. As VNM has now captured over 50% of its domestic market share, achieving significant growth driven by increasing domestic sales has become a rather challenging task. As such, the company has been looking to explore exporting opportunities in other countries, notably Myanmar and China however, neither are yet to materialise in a meaningful way. Nevertheless, the impending agriculture trade agreement between China and Vietnam may pave the way for VNM to enter the Chinese market as VNM's ability to penetrate the market of its own accord is expected to take time. As a result, sentiment on 2019's outlook may pick up should there be tangible progress on the export front however, we believe it is unlikely that the actual impact will be material in the short term.

The Banking sector, which underwent a re-rating in 2017, was impacted by the negative investor sentiment that affected Vietnam's equity market. While still faring better than the VN Index's Banking sector, which fell 11.5%, due to its overweight positions in the sector's better banks, VEIL's bank holdings fell 8.9%. Notably, Asia Commercial Bank ("ACB"), the Fund's largest bank holding, fell just 0.6% in 2018 as it posted historic earnings with PBT surging 140.5% year-on-year. The significant increase was driven by growth in almost all aspects of its core earnings and the fall in provisions (-63.7% year-on-year) after the bank fully cleared out its non-performing loans ("NPL") last

year. Specifically, the net interest margin ("NIM") improved 9 basis points ("bps") to 3.6% as cost of funds fell 18 bps to 4.7%. Further to this non-interest income was up 23.1% for the year which helped pre-provisioning operating profit to grow 40.2%. With reported NPL among the lowest in the sector, ACB is well-positioned to achieve further growth over the next few years. Similarly, Military Bank ("MBB") also posted record profit growth with 2018 PBT jumping 75.9% year-on-year however, this wasn't enough to counter the widespread dip in investor confidence as shares fell 8.8%. Following the CEO change in 2017, MBB's strategy has been to aggressively monetise its already excellent asset quality by focusing on further expanding its retail segment and the bank saw its asset yields continue to rise another 31 bps which help expand NIM by 35 bps to 4.2%. Additionally, MBB's efforts to grow its fee income segment were also successful with net fee income increasing 126% year-on-year, contributing 13% of total operating income versus just 8% last year. MBB's share price dip was also partly due to an overhang of over 50 million shares that were needed to be sold by Vietcombank as part of the State Bank of Vietnam's efforts to crack down on intra-bank holdings. In early 2019, MBB announced that it would start a buy back of 108 million shares (5% of total outstanding shares) which market participants believe will relieve some of the pressure on the share price going forward. Both ACB and MBB are still trading at very attractive valuation levels of 1.7x and 1.4x book value while continuing to deliver more than 20% ROE. As such, we expect both these banks will continue to post the highest EPS growth in the sector throughout 2019.

The Real Estate & Construction sector was mixed in 2018 for both VEIL and the VN Index as the tightening regulatory environment meant that new listings were somewhat limited. For VEIL, the two biggest contributors were long-term

Portfolio Manager's Report (Continued)

holdings Khang Dien House (“KDH”) and Dat Xanh Group (“DXG”) while other notable performers included two newly listed investments Tin Nghia Corp (“TID”) and Hai Phat Invest (“HPX”). KDH share rose 25.6% during the year as its NPAT-MI grew by 61.2%. This impressive performance was driven by project handovers at Jamila, Lucasta and Rosita as well as income from land-plot sales at Phong Phu 4 project. KDH is well positioned given its 450ha landbank in Ho Chi Minh City which should provide the company with sufficient development opportunities for several years. The second-best contributor in the Real Estate & Construction sector was DXG which has been steadily enhancing its reputation as one of the most reliable developers in the mid-range segment. The company posted 2018 revenue growth of 61.3% as it looks to cement its position as the largest real estate broker in Vietnam. The real estate brokerage segment now accounts for 52.1% of total revenue, having risen 22.2% over the period. On the other hand, property development now accounts for 34% of total revenue having grown 42.9% year-on-year. Over the next year DXG plans to launch up to 5-6 projects from its 528ha landbank. This is in addition to the handover of the Opal Garden project, as well as the sale of both shophouses and land plots in provinces such as Vung Tau and Can Tho which should contribute materially to revenues. Overall, we remain bullish on both KDH and DXG for the long-term especially given the recent regulatory challenges which favour companies with abundant clean land banks. From a new listing perspective, two investees of VEIL (both TID, one of the biggest residential and industrial property developers in Dong Nai, as well as HPX, an up-and-coming property developer based in Hanoi) were floated on the stock exchange. Both TID and HPX were well received by the market, especially TID, rising 65.5% and 21.4% respectively, further emphasising VEIL's impressive track record when identifying pre-listing opportunities.

VEIL's long-term underweight position in the Energy sector continues to serve the Fund well as a volatile oil price impacted the majority of stocks in the sector throughout the year. Specifically, the two biggest stocks in the sector, GAS, which VEIL holds half VN Index's weighting, and PLX, which VEIL does not hold, both fell 9.2% and 27.4% respectively. As for 2019, volatile and/or lower oil prices mean greater uncertainty for GAS, whose share price can be directly correlated to the price of oil. As for PLX, a sudden fall in the oil price would mean its inventory would be impacted in the short-term.

In the Capital Goods sector, one of VEIL's investees, VEA, listed with strong support from investors resulting in a 50.8% increase. The company is widely perceived as the best option for investors wanting to tap into the fast-growing market for personal car sales in Vietnam. VEA posted 40.1% growth in NPAT-MI in 2018 primarily driven by the growth of its joint venture with Honda Vietnam. Even after VEA's strong share price rally in 2018, the stock is still trading at a very reasonable valuation of just 8.x times PER and the company is likely to maintain its impressive double-digit cash yield in 2019.

In contrast to the strong performance seen across this range of sectors, the Materials and Resources sector suffered heavily as an uncertain outlook for property, driven by a tougher regulatory environment and dramatic movements in raw materials price dampened sentiment. Hoa Phat Group (“HPG”), the biggest steel maker in Vietnam, fell 9.4% as a result despite posting profit growth of 7.1%. The company is investing in the biggest non-FDI steel complex in Dung Quat which is due to double its capacity by the end of 2019 to 4 million tons per year. We believe that once the short-term volatility has subsided, HPG will once again emerge as one of the best stock options as it is well placed to

benefit from the upside of growth in both property and infrastructure construction across Vietnam.

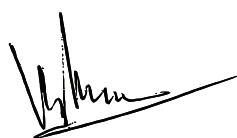
Lastly, Mobile World (“MWG”), the Fund's top holding and the main representation of the Retail sector across the portfolio, fell 12.1% in 2018 despite posting an impressive 30.5% growth in NPAT-MI. The stock simply fell out of favour with local retail investors as questions were asked over the future potential for its latest growth driver, Green Grocery chain. Nevertheless, investor sentiment appeared to improve towards the end of 2018 as the company reported that the Green Grocery chain had broken even from an EBITDA perspective. Additionally, MWG also stepped up its investor relations efforts as a way to attract more local retail investors to the long-term growth story of the company. Trading at just 12.x times 2018's earnings, we believe MWG offers great value for the long term and is perhaps one of the most exciting players in Vietnam's lucrative Retail sector.

Portfolio Manager's Report (Continued)

Outlook

After a difficult 2018, most market participants have a cautious view of 2019. However, as we believe Vietnam's strong economic fundamentals and macro story are still largely intact, having already corrected to just 12.x times forward 2019's PER, there is a strong case for the stock market to find its footing in the year ahead. Additionally, the Government has reiterated its commitment to continue focusing on the long-term development of the financial market. The long-awaited covered warrant is due to be launched in 2019 whilst instructions have been issued to several major state-owned enterprises ("SOEs") to restructure their organisations in preparation for IPO. There is still an ample pipeline of private company IPOs and SOE privatisations however, heightened market volatility had halted this for much of the second half of 2018. As such, we believe that we are likely to see some of these opportunities returning to the market.

Within this market landscape we believe stock-picking, one of VEIL's unique strengths, will become more important than ever as the market becomes more diverged between the fundamentally good stocks and trading stocks. At the same time, we will continue to be active in screening for both IPO and SOE privatisation opportunities that can offer long-term growth at reasonable valuations. Finally, and as always, we remain committed to assisting our investees in unlocking value for the benefit of shareholders.



Vu Huu Dien
Portfolio Manager
Vietnam Enterprise Investments
Limited
8 April 2019



Portfolio Manager's Report (Continued)

Performance

| | 31 December 2018 | 31 December 2017 |
|------------------------------|------------------|------------------|
| Total net assets (US\$) | 1,440,021,968 | 1,553,277,105 |
| Total net assets (GBP) | 1,130,670,689 | 1,148,236,801 |
| Number of outstanding shares | 219,579,878 | 220,125,680 |
| NAV per share (US\$) | 6.56 | 7.06 |
| NAV per share (GBP) | 5.15 | 5.22 |
| Share price (GBP)* | 4.57 | 4.42 |
| Discount to NAV (%) | 11.3 | 15.27 |
| GBP/US\$ exchange rate | 1/0.785176 | 1/0.739235 |

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

| | 31 December 2018 | 31 December 2017 |
|---------------------------------------|------------------|------------------|
| | % | % |
| NAV returns (US\$) | (7.08) | 60.09 |
| NAV returns (GBP) | (1.34) | 46.22 |
| Share price returns (GBP) | 3.39 | 49.32 |
| VN Index (price return - VND terms) | (9.32) | 48.03 |
| VN Index (total return - US\$ terms)* | (9.45) | 52.75 |

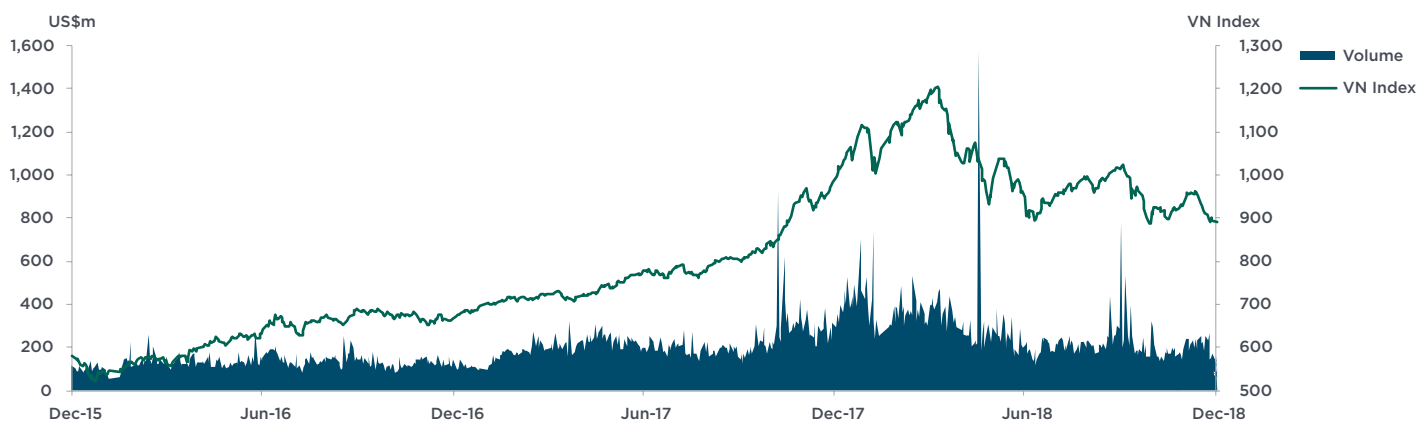
* Source: Bloomberg

Period's High and Low

| | Year to 31 December 2018 | | Year to 31 December 2017 | |
|----------------------|--------------------------|------|--------------------------|------|
| | High | Low | High | Low |
| NAV per share (US\$) | 8.40 | 6.17 | 7.06 | 4.51 |
| NAV per share (GBP) | 6.00 | 4.67 | 5.23 | 3.63 |
| Share price (GBP) | 4.95 | 3.96 | 4.42 | 2.98 |

Source: Dragon Capital, London Stock Exchange

VN Index information (Rolling 3-year)



Source: Dragon Capital, Bloomberg

Portfolio Manager's Report (Continued)

Asset Allocation by Asset Class¹

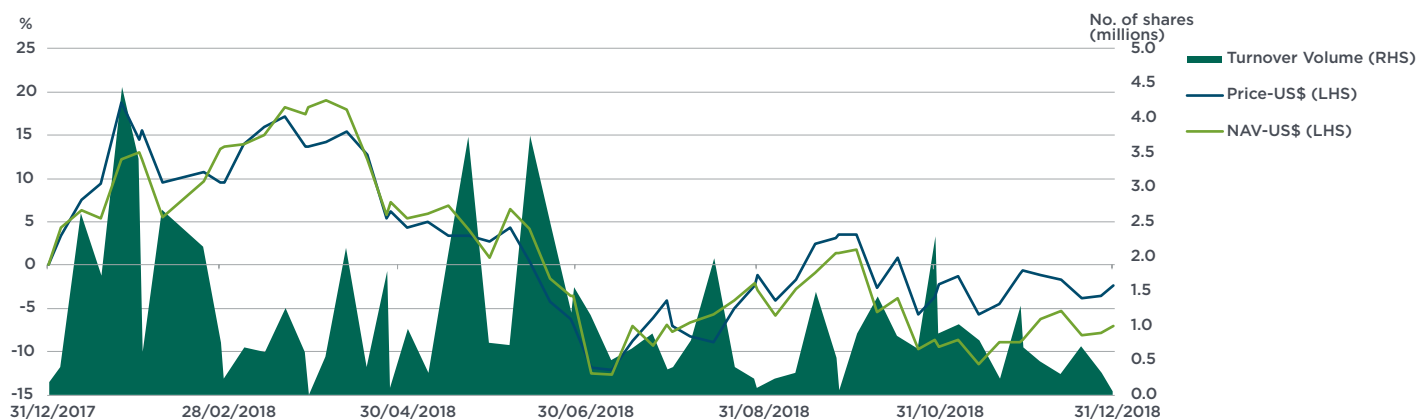
| | 31 December 2018 | 31 December 2017 |
|-------------------|------------------|------------------|
| | % | % |
| Equities | 100.6 | 93.2 |
| OTC Equities | 0.5 | 7.5 |
| Others | 0.5 | 2.5 |
| Cash ² | 2.6 | 2.0 |
| Loans | (4.2) | (5.2) |
| | 100.0 | 100.0 |

¹ For a full portfolio listing, please see Note 6 to the Financial Statements.
² Cash includes cash and cash equivalents, receivables and payables.

Asset allocation by sector¹

| | 31 December 2018 | 31 December 2017 |
|----------------------------|------------------|------------------|
| | % | % |
| Real Estate & Construction | 29.9 | 18.4 |
| Banking | 20.3 | 22.3 |
| Retail | 9.6 | 10.1 |
| Food & Beverage | 8.7 | 8.9 |
| Materials & Resources | 6.5 | 10.5 |
| Others | 4.9 | 6.2 |
| Diversified Financials | 4.8 | 5.4 |
| Energy | 4.8 | 4.5 |
| Transportation | 4.4 | 8.4 |
| Consumer Durables | 3.0 | 2.2 |
| Software & Services | 2.8 | 4.8 |
| Cash ² | 2.6 | 2.0 |
| Pharmaceuticals | 1.9 | 1.5 |
| Loans | (4.2) | (5.2) |
| | 100.0 | 100.0 |

Share Price & NAV



NAV and share price are based on US\$.

Discount/Premium to NAV



Source: Dragon Capital

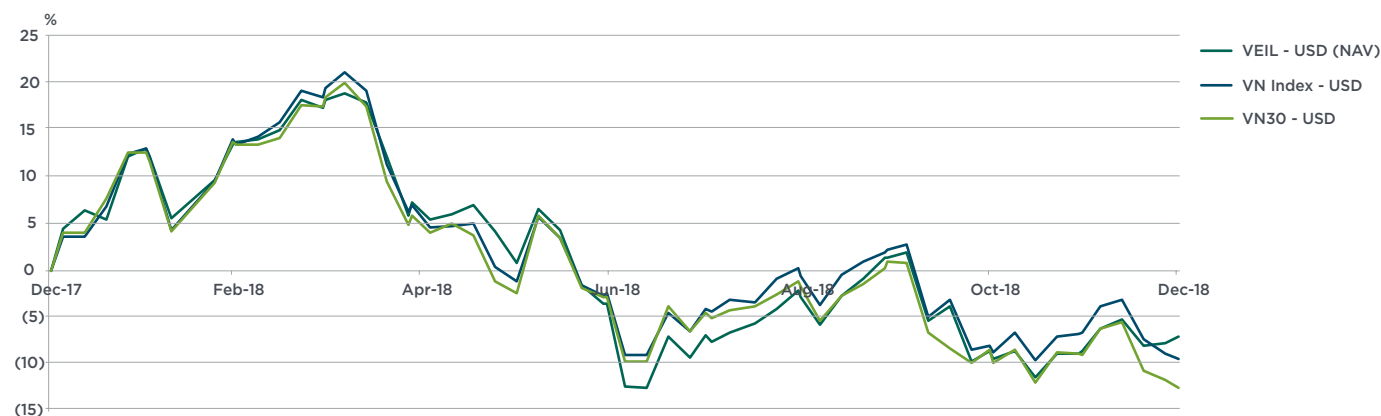
Portfolio Manager's Report (Continued)

Major sector return and contribution

| Sector | Portfolio return | VN Index return | Portfolio contribution |
|----------------------------|------------------|-----------------|------------------------|
| | % | % | % |
| Real Estate & Construction | 7.9 | 9.72 | 1.03 |
| Capital Goods | 20.09 | (54.94) | 0.72 |
| Pharmaceuticals | 3.49 | (27.91) | 0.09 |
| Consumer Durables | 3.79 | (6.12) | (0.07) |
| Software & Services | (9.07) | (12.89) | (0.11) |
| Food & Beverage | (1.41) | (16.24) | (0.26) |
| Transportation | (8.07) | (4.64) | (0.28) |
| Diversified Financials | (10.46) | (7.27) | (0.61) |
| Retail | (7.96) | (14.71) | (0.74) |

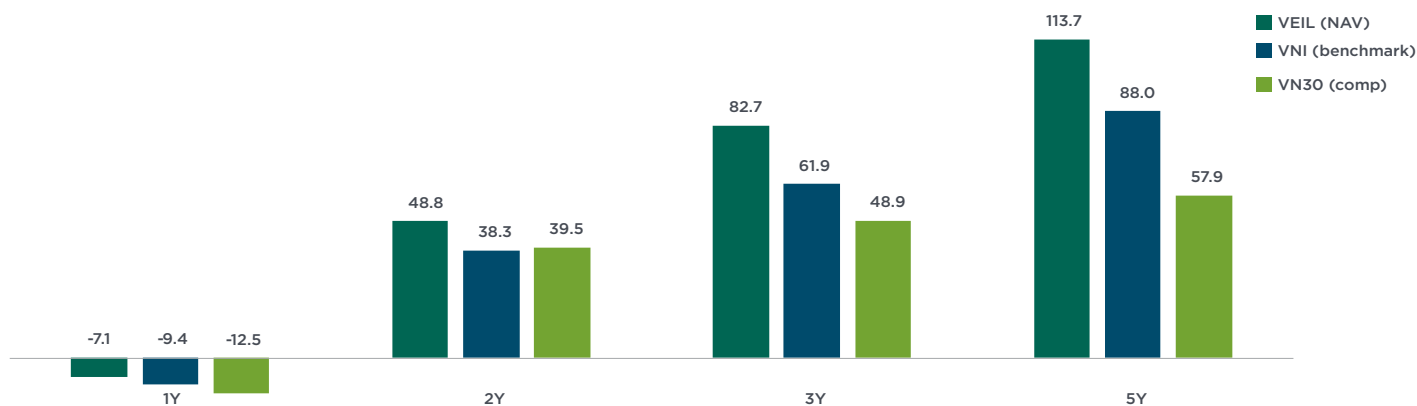
Source: Dragon Capital, Bloomberg

1 Year Performance (% in US\$ terms)



Source: Dragon Capital, Bloomberg

Cumulative Performance (% in US\$ terms)



Source: Dragon Capital, Bloomberg

Portfolio Manager's Report (Continued)

Ten Year Record

| | | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--------------------|-------|---------|---------|---------|---------|---------|---------|---------|---------|----------|----------|
| Total net assets | US\$m | 480.99 | 414.84 | 330.17 | 400.85 | 473.78 | 512.94 | 792.65 | 974.80 | 1,553.28 | 1,440.02 |
| Total net assets | GBPm | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 788.91 | 1,148.24 | 1,130.67 |
| NAV per share | US\$ | 2.50 | 2.46 | 1.96 | 2.38 | 3.07 | 3.40 | 3.59 | 4.41 | 7.06 | 6.56 |
| NAV per share | GBP | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 3.57 | 5.22 | 5.15 |
| Share price | US\$ | 1.85 | 2.02 | 1.71 | 1.91 | 2.47 | 2.82 | 2.99 | n/a | n/a | n/a |
| Share price | GBP | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 2.96 | 4.42 | 4.57 |
| Earnings per share | US\$ | 0.40 | (0.05) | (0.51) | 0.40 | 0.64 | 0.32 | 0.15 | 0.82 | 2.64 | (0.50) |
| Discount to NAV | % | (26.00) | (17.89) | (12.76) | (19.75) | (19.54) | (17.06) | (16.71) | (17.09) | (15.27) | (11.26) |

Source: Dragon Capital

Investment Portfolio - 10 Largest Investments

| Company | Sector | Market value | NAV | Total return | Initial acquisition | |
|-----------------------------|----------------------------|--------------------|------|--------------|---------------------|--|
| | | 2018 | | 2018 | | |
| | | US\$ | % | % | | |
| MWG | Retail | 118,149,413 | 8.20 | -12.1 | 3 October 2014 | |
| ACB | Banking | 101,687,455 | 7.06 | -0.6 | 1 April 2010 | |
| KDH | Real Estate & Construction | 98,856,846 | 6.86 | 25.6 | 19 November 2013 | |
| SAB | Food & Beverage | 88,396,554 | 6.14 | 8.1 | 3 July 2008 | |
| VHM | Real Estate & Construction | 70,440,880 | 4.89 | -18.5 | 18 May 2018 | |
| MMB | Banking | 66,292,098 | 4.60 | -8.8 | 9 March 2010 | |
| HPG | Materials & Resources | 58,926,630 | 4.09 | -9.4 | 1 December 1996 | |
| DXG | Real Estate & Construction | 46,800,371 | 3.25 | 22.2 | 10 March 2016 | |
| ACV | Transportation | 43,849,296 | 3.05 | -17.9 | 14 December 2015 | |
| VEA | Capital Goods | 42,937,831 | 2.98 | 50.8 | 30 August 2016 | |
| Total 10 investments | | 736,337,374 | | | | |

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

Source of Income (US\$)

| | Year to 31 December 2018 | Year to 31 December 2017 |
|--|-----------------------------|-----------------------------|
| Bank interest income | 39,832 | 15,834 |
| Bond and loan interest income | 13,805 | - |
| Dividend income | 9,497,102 | 9,171,229 |
| Net changes in fair value of financial assets at fair value through profit or loss | (160,010,207) | 584,221,626 |
| Gains on disposals of investments | 79,887,179 | 18,234,758 |
| Other income | - | 23,977 |
| Total | (70,572,589) | 611,667,424 |

Source: Dragon Capital

Responsible Investment

Our Mission

'To be a top-class intermediary of capital by providing attractive returns to investors, value to investee companies and a desirable workplace for employees. To perform with absolute professionalism and integrity, driven by a long-term commitment to the sustainable development of the environment, society and economy of the countries in which we operate.'

Our Core Values

Everything we do is underpinned by our core values of *'integrity'*, *'commitment'* and *'creativity'*. Our three core values direct our behaviour and ensure our mission statement is achieved in a consistent manner.

Our Beliefs

The mission statement and core values of Dragon Capital Group Limited and its subsidiaries and affiliates (together referred to as the "Group") clearly reflect our corporate stance and commitment to sustainable development. We recognise that environmental, social and governance ("ESG") issues can influence investment risk and thus portfolio performance. We, therefore, seek to optimise risk-adjusted performance by integrating ESG factors throughout the investment process and across all asset classes. We believe that taking a strategic, long-term approach to Responsible Investment will create sustainable value for our group, our stakeholders and the wider community, not just in an economic sense but also in the ESG context.

Responsible Investment Policy and ESGM

The purpose of the Group's Responsible Investment policy is to ensure that the assets managed by the Group are not placed in companies that violate locally and internationally-recognised norms for labour practices, health and safety standards, pollution avoidance, large-scale physical resettlement, commercial logging in primary moist forests, harvesting of wild fish

populations, or impact on indigenous peoples and cultural heritages.

The ESG Management System Procedure ("ESGM") approach of the Group engages investee companies on identified risks and allows them to address their ESG issues and improve performance to meet the Group's standards and ESG commitments. Investee companies must meet the Group's requirements, as outlined in its ESG policy. All potential investee companies are first pre-screened on their suitability against the IFC Exclusion List extended by additional 'no-go' activities, the national E&S laws and regulations, and the objectives of the IFC Performance Standards ("Performance Standards").

If the proposed investment is deemed eligible, the Group's ESGM will screen it to establish the environmental and social performance of the investee companies using a checklist aligned to the Performance Standards. An inherent E&S risk category, and managed risk ratings, will be assigned to each investee company, reflecting the evidence available to establish the extent to which the requirements of the national laws and Performance Standards requirements are met. The purpose of assessing the managed risk is to enable the Group to make informed decisions about investing in new projects, and management of the portfolio. For corporate governance, the Group has adopted the Vietnam Corporate Governance Scorecard to assess the investee companies' governance practices and to identify opportunities for systematic improvement.

Monitoring is an integral part of the Group's ESG risk management process. The purpose of monitoring an investee company's ESG performance is to assess existing and emerging ESG risks associated with the investee company's operations, and to identify opportunities to reduce risk and improve ESG performance during the duration of investment transactions.

Fully Integrated Approach

At the core of the Group's ESGM lies the systematic management of ESG risks throughout the investment appraisal and management processes. The ESG risk management framework is integrated into the Group's overall organisational structure, planning activities, responsibilities, practices, procedures, processes and resources. Responsibility for incorporating ESG risks into investment decisions is embedded across the research platform.

The Responsible Investment strategy and activities are overseen by the ESG core team, which comprises a cross-section of the Group's senior management members. The Group's dedicated ESG core team will support the Research and Intelligence team through access to additional ESG-related information, analysis and training, and enhancements to processes and documentation, as appropriate. External consultants may be retained.

Greenhouse Gas Emission

The Group is conscious of the effects it has on the environment and the positive difference it can make to its communities. It is of paramount importance to the Group to take action to do all it can to make a positive contribution. To help combat global warming, the Group has been Carbon Neutral since 2005, and currently supports the Biogas Program initiated by SNV and the Government of Vietnam. The project converts animal waste to energy via biogas digesters to produce clean and affordable energy for cooking. 745,000 persons in 53 provinces in Vietnam benefit from the project and 519,949 tonnes of CO₂ are reduced annually. Emission reductions from the project are verified and certified to the Gold Standard of Voluntary Carbon Emissions Reductions and the project was awarded The Energy Globe Award (2006), The Ashden Award (2010) and The World Energy Award (2012).

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 an investment company.

Compliance with Corporate Governance Codes

Vietnam Enterprise Investments Limited (the "Company") is a member of the Association of Investment Companies (the "AIC") which has published the AIC Code of Corporate Governance (the "AIC Code"). The AIC Code addresses all the principles set out in the UK Corporate Governance Code (the "UK Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company as an investment company. The Company's Board considers that reporting against the principles and recommendations of the AIC Code, which has been endorsed by the Financial Reporting Council (the "FRC"), is appropriate for the Company and its shareholders and therefore adheres to the principles and follows the recommendations of the AIC Code and, where appropriate, explains why it deviates and/or details the steps it intends to take to bring the Company into line in the future.

The Company has complied with the provisions of the AIC Code, together with the AIC Corporate Governance Guide for Investment Companies (the "AIC Guide"), since its listing on the main market of the London Stock Exchange on 5 July 2016. In July 2018, the FRC published a new version of the UK Code (the "2018 UK Code"), prompting the AIC to publish a new version of the AIC Code in February 2019 (the "2019 AIC Code"). Both the 2018 UK Code and the 2019 AIC Code apply to accounting periods beginning on or after 1 January 2019, at which point they will supersede the previous versions (the "2016 UK Code" and "2016 AIC Code", respectively). Both versions of the AIC Code can be found at www.theaic.co.uk/members,

together with the AIC Guide (in respect of the 2016 AIC Code only).

The 2016 AIC Code, which is relevant to the year ended 31 December 2018, is made up of twenty-one principles split into three sections covering the Board, Board meetings and relations with the Investment Manager, and Shareholder Communications.

For the year ended 31 December 2018, the Company has complied with the recommendations of the 2016 AIC Code and as such also met the requirements of the 2016 UK Code except to the extent highlighted below:

- The role of the chief executive;
- Executive Directors' remuneration; and
- The need for an internal audit function.

For the reasons set out in the AIC Guide, and as explained in the UK Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, direct employees or internal operations. The Company has, therefore, not reported further in respect of these provisions.

The Company complies with the corporate governance statement requirements pursuant to the UK Financial Conduct Authority's ("FCA") Disclosure and Transparency Rules by virtue of the information included in the corporate governance section of this annual report.

The Board believes that this annual report and the financial statements present a fair, balanced and understandable assessment of the Company's position and prospects, and provides the information necessary for shareholders to assess the Company's performance, business model, strategy, principal risks and uncertainties.

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 13 to the financial statements (under "Directors' fees"), and LR 9.8.4(10), the information of which is detailed on page 29 under "Directors' Interests in Contracts".

Directors

The following were Directors during the year to 31 December 2018 and to the date of this report:

- Wolfgang Bertelsmeier: Chair & Independent Non-Executive Director
- Stanley Chou: Senior Independent Non-Executive Director
- Derek Loh: Independent Non-Executive Director
- Gordon Lawson: Independent Non-Executive Director
- Vi Le Peterson: Independent Non-Executive Director (from 24 April 2018)
- Dominic Scriven: Non-Executive Director

The Board consists of six Non-Executive Directors, five of whom are independent of the Investment Manager, whose individual knowledge and experience provide a balance of skills and expertise relevant to the Company and it is considered that they commit sufficient time to the Company's affairs. The biographical details of the Directors are provided on page 25. During the reporting period, Vi Le Peterson was appointed on 24 April 2018.

The Chair, Wolfgang Bertelsmeier, is non-executive and independent of the Investment Manager. The Chair leads and ensures the effectiveness

Corporate Governance Statement (Continued)

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, the Chair of 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 is the Executive Chair of Dragon Capital Group Limited, the parent of the Investment Manager. 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 Board Committees and their composition are disclosed in this Corporate Governance Statement. Please note that Dominic Scriven does not participate in the Audit and Risk Committee, the Management Engagement Committee or the Nomination and Remuneration Committee.

New Directors are provided with an induction programme, which is tailored to the particular circumstances of the appointee. Following the appointment, the Chair reviews and agrees with 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; 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. Open, constructive debate and discussion are encouraged by the Chair to ensure that the best interests of the Company are maintained.

The Board has standing agenda items for 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, 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 buy backs 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 does not participate in the Audit and Risk Committee, the Management Engagement Committee or the Nomination and Remuneration Committee.

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. The Audit and Risk Committee comprises:

- Stanley Chou, Chair
- Gordon Lawson
- Derek Loh

Detailed information on the Audit and Risk Committee can be found in the Report of the Audit and Risk Committee on pages 23 to 24.

Corporate Governance Statement (Continued)

Management Engagement Committee

The Management Engagement, Nomination & Remuneration Committee was formed on 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.

As of 31 December 2018, the Management Engagement Committee comprises:

- Gordon Lawson, Chair
- Stanley Chou
- Vi Le Peterson

The Chair of the Management Engagement Committee shall report formally to the Board after each meeting on all matters within its duties and responsibilities. The Management Engagement Committee shall make whatever recommendations to the Board 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 VEIL 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 VEIL'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, and investment management of the Company. In particular, the Management Engagement Committee physically engaged the Company's Administrator and the Custodian for a full review of their services which has resulted in a reduced fee schedule. The Management Engagement Committee was satisfied with the performance as well as the fees of these service providers.

Nomination and Remuneration Committee

During the reporting period, the Nomination and Remuneration Committee met twice and held two conference calls to discuss, among other matters, the findings of the external board assessment by Trust Associates Ltd.. As a result of the findings of the external board assessment the Nomination and Remuneration Committee chose to nominate Vi Le Peterson to join the Board and to separate the Nomination and Remuneration Committee from the Management Engagement Committee. 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.

As of 31 December 2018, the Nomination and Remuneration Committee comprises:

- Derek Loh, Chair
- Vi Le Peterson
- Wolfgang Bertelsmeier

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 page 25. The selection policy of the Board is to appoint the best qualified person for the job, by considering 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, save as set out under "Forthcoming Changes to the Board" below.

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 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 in size, capital structure and investment objective. Details of Directors' remuneration can be found on page 16 and in Note 13 to the financial statements. Directors' interests (including interests of connected persons) can be found within the Report of the Board of Directors on pages 29 to 30.

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 adjustments that seem appropriate, considers the rotation and renewal of the Board, approves the candidate specification for all Board appointments, approves the process by which suitable candidates are identified and short-listed, and nominates candidates for consideration by the full Board, whose responsibility it is to formally make appointments.

Corporate Governance Statement (Continued)

Independence is maintained as five of the six Non-Executive Directors on the Board, as at the date of this annual report, are independent of the Investment Manager.

Directors' Remuneration Report

The Nominations and Remuneration Committee, which comprises Derek Loh (Chair), Vi Le Peterson and Wolfgang Bertelsmeier, 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 Directors. This policy takes into consideration the principles of UK Corporate Governance 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 US\$200,000. 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
- 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. The selection policy of the Board is to appoint the best qualified person for the job, by considering factors such as diversity of thoughts, experience and qualification 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. The Board is presently undertaking a review of its composition to ensure thorough and complete gender and ethnic diversity so as to ensure that the interests of the Company are fully protected and preserved.

At 31 December 2018, the Board consisted of five Independent Non-Executive Directors and one Non-Independent Non-Executive Director.

Directors' Appointment and Policy on Payment of Loss of Office

Each of the Directors 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.

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, gender 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\$25,000).
- 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

- Performance, service contracts, compensation and loss of office.
- No Director has a service contract.
- Compensation will not be due upon leaving office.

Corporate Governance Statement (Continued)

- No Director is entitled to any other monetary payment of any assets of the Company.

Forthcoming Changes to the Board

On 25 March 2019, Wolfgang Bertelsmeier has informed the Board that, in line with best practice in corporate governance with regard to tenure, he will step down as Chair of the Company and resign from the Board, both effective 30 June 2019.

The Board has elected Stanley Chou, currently senior independent non-executive director, to replace Wolfgang Bertelsmeier as Chair of the Company after Wolfgang Bertelsmeier steps down on 30 June 2019. The Board Committees will be reviewed and their composition will be re-constituted effective 1 July 2019. Stanley Chou will offer himself for re-election to the Board in the usual way at the next AGM of the Company.

Meanwhile, the Nomination and Remuneration Committee has appointed an international search consultancy to identify candidates who may replace Wolfgang Bertelsmeier as director. The Nomination and Remuneration Committee shall assess potential candidates based on merit and objective criteria and will consider the Board's diversity, in order to achieve a combination of skills, experience and knowledge. Any new director appointed to the Board will be expected to stand for election at the AGM.

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. The Committee keeps under review the balance of skills, independence, gender, knowledge of the Company, experience and length of service of the Directors.

Conflict of Interests

The Directors have a duty to avoid situations where they have, or could have, a direct or indirect interest that conflicts, or possibly could conflict, with the Company's interests. 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. None of the Directors had a material interest in any contract which is significant to the Company's business. Directors' holdings in the Company can be found within the Report of the Board of Directors on pages 29 to 30.

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.

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.

As a matter of good corporate governance and with a view to enhancing and aiding effectiveness and performance, the Board retained an independent third party specialist, Trust Associates Ltd, in the third quarter of 2017 to undertake an evaluation and review of the Board

as a collective whole, in particular its operation and effectiveness, and to provide a report to the Board. There is no connection between the Company and Trust Associates Ltd. The report was issued in February 2018. The report, which was generally positive, was presented to the Board for consideration and discussion. Recommendations included formalising an evaluation process for risk and directors' appraisal, enhanced interaction with portfolio companies and shareholders, and the creation of a separate sub-committee for Management Engagement from Remuneration and Nomination. The Board is now actively engaged in implementing not only the best practices gleaned from the report but also ensuring thorough ethnic and gender diversity representation on the Board, bearing in mind at all times the best interests of the Company.

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. Vi Le Peterson was appointed on 24 April 2018.

Attendance at Scheduled Meetings of the Board and Its Committees for The Year

Corporate Governance Statement (Continued)

The table below lists the number of board and committee meetings attended by each Director. During the year ended 31 December 2018, there were four board meetings, two Audit and Risk Committee meetings, two Management Engagement Committee meetings and four Nomination and Remuneration Committee meetings and conference calls: See table 1 below.

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 the safeguarding of assets), the registration services and the 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

Enterprise Investment Management Limited (the "Investment Manager") provides 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").

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. With effect from 1 August 2017, the annual management fee payable to the Company's Investment Manager, Enterprise Investment Management Limited, was amended from the 2.00% of net assets per annum as follows: the fee of 2.00% per annum continued to apply to the first US\$1.25bn of the Company's net assets but shall reduce to 1.75% per annum for net assets between US\$1.25bn and

US\$1.5bn and further reduce to 1.50% per annum for net assets above US\$1.5bn. 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, such notice not to expire earlier than third anniversary of Admission to the premium segment of the Official List of the UK Listing Authority, and to trading on the London Stock Exchange's main market for listed securities (i.e. 5 July 2019). 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

Table1: Attendance of the Board and the Committees Meetings

Before 1 July 2018 (Re-composition of the board committees):

| Director | Board meetings | Audit Committee meetings | Management Engagement, Nomination & Remuneration Committee meetings |
|-----------------------|----------------|--------------------------|---|
| Wolfgang Bertelsmeier | 2/2 | | 1/1 |
| Stanley Chou | 2/2 | 1/1 | |
| Derek Loh | 2/2 | 1/1 | 1/1 |
| Gordon Lawson | 2/2 | 1/1 | 1/1 |
| Vi Le Peterson* | 0/2 | | |
| Dominic Scriven | 2/2 | | |

*Appointed on 24 April 2018 and those two board meetings were before this date.

After 1 July 2018:

| Director | Board meetings | Audit and Risk Committee meetings | Management Engagement Committee meetings | Nomination and Remuneration Committee meetings and conference calls |
|-----------------------|----------------|-----------------------------------|--|---|
| Wolfgang Bertelsmeier | 2/2 | | 1/1 | |
| Stanley Chou | 2/2 | 1/1 | | 3/3 |
| Derek Loh | 2/2 | 1/1 | 1/1 | |
| Gordon Lawson | 2/2 | 1/1 | | 3/3 |
| Vi Le Peterson | 2/2 | | 1/1 | 3/3 |
| Dominic Scriven | 2/2 | | | |

Corporate Governance Statement (Continued)

view to spreading the investment risk in accordance with its published investment policy as set out in the Portfolio Manager's Report on pages 5 to 11.

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 13 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 key risks facing the Company are disclosed in Note 16 to the financial statements. These risks 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 risks are clearly managed and that systems of control operate effectively. The Investment Manager monitors activities 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 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 flow 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 Compliance Advisor attend each Board meeting 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 between 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 Offshore 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 is invested. 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, 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.

Corporate Governance Statement (Continued)

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 2018, the Investment Manager has 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 71 or contact the Investment Manager using the contact details also provided on page 72.

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 meeting and will be posted on the Company's website and the London Stock Exchange's website following the meeting.

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 Auditor, 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, semi-annual reports, monthly reports and weekly reports as well as notices of any significant events 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. Via the website, shareholders also have the opportunity to have the latest Company information downloaded 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 of the Company's system of internal control. The Board reviews the ongoing processes for identifying, evaluation and monitoring the significant risks 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 23 to 24.

Principal Risks and Uncertainties

The Directors confirm that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future

performance, solvency or liquidity on a quarterly basis. This includes assessment on strategic, business, financial, operational, IT, and compliance category. The principal risks and uncertainties identified by the Board, together with the way in which the Board seeks to manage those risks, can be found in Note 16 to the financial statements. The Directors have not identified any other principal risks or uncertainties during the reporting period.

Viability Statement

In accordance with Principle 21 of the AIC Code, the Directors have assessed the prospects of the Company over a 3-year period to 31 December 2021. The Directors believe that this period is appropriate because it would provide the Investment Manager the time needed to successfully unlock value of the Company's underlying portfolio.

In its assessment of the viability of the Company, the Directors have considered each of the Company's 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 that it faces and their potential impact on its future development and prospects, there is a reasonable explanation that the Company will be able to continue in operation and meet its liabilities and they fall due over the 3-year period to 31 December 2021.

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

Corporate Governance Statement (Continued)

of the balance sheet and activities of the Company and the Company's assets, liabilities, commitments and financial recourses, 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 4 June 2018 at 14:00pm (Hong Kong time).

The result of this AGM can be found on page 26.

Authority for Share Buy Backs and Discount Management

The shareholders approved at the Company's AGM on 4 June 2018 a special resolution to undertake share purchases up to a maximum amount equal to 14.99% of the issued share capital. The Company, therefore, announced on 12 June 2018 the commencement of the Share buy-back programme (the "Programme") and re-appointed Jefferies International Limited to manage the Programme.

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 Shares. A Share buy-back programme was also carried out in 2017. The details of the Programme in 2017 can be found in the last year's annual report.

The Company announced that it has

purchased the following number of its ordinary shares of US\$0.01 (the "Shares") for the year ended 31 December 2018: See table 2 below.

The Shares repurchased are held in treasury. The Company held 1,340,868 Shares in treasury as of 31 December 2018.

Following the above purchases, the total number of Shares in issue was 219,579,878 (excluding Shares held in treasury) as of 31 December 2018. This number represents the total voting rights in the Company 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 repurchases 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. Purchases 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 7 December 2016.

Under the FCA's Listing Rules, the maximum price that may be paid by the Company on the repurchase of any Shares pursuant to a general authority is 105% of the average of the middle market quotations for the Shares for the five business days immediately preceding the date of purchase or, if higher, that stipulated by regulatory technical standards adopted by the European Commission pursuant to Article 5(6) of the Market Abuse Regulation (EU)

No. 596/2014.

Shares repurchased 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 buy-back of Shares pursuant to the 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 plc (and could exceed the 25% limit of the average daily trading volume of the preceding 20 business days as referred to in the Commission Delegated Regulation (EU) No. 2016/1052 on buy-back programmes).

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

Shareholders should note that the purchase 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 purchases. 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.

Table 2: Share Buy Backs for the year ended 31 December 2018

| Date of purchase | Number of Shares purchased | Highest price paid per Share | Lowest price paid per Share | Average price paid per Share |
|------------------|----------------------------|------------------------------|-----------------------------|------------------------------|
| 14 June 2018 | 338,652 | 450.00 | 443.00 | 448.38 |
| 25 June 2018 | 175,000 | 433.00 | 430.00 | 432.26 |
| 27 June 2018 | 32,150 | 427.00 | 423.00 | 424.92 |

Corporate Governance Statement (Continued)

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 2018, the Company had been notified that the following were interested in 10% or more of the issued capital of the Company:

- Name: Computershare Investor Services PLC
- Number of shares: 220,920,746
- % of shares: 100%

Report of the Audit and Risk Committee

Composition

With effect from 1 July 2018, the Audit Committee was expanded to become the Audit and Risk Committee. The Committee is chaired by Stanley Chou and its members include Gordon Lawson and Derek Loh who are all Independent, Non-executive Directors.

The Audit and Risk Committee met twice during the year under review. The table on page 17 lists the number of the Audit and Risk Committee meetings attended by each Director. The Company's Auditors are 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 since the listing on the main market of the London Stock Exchange on 5 July 2016.

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 has met twice during the year under review to assess the prospects of the Company and principal risks facing the Company. The Audit and Risk Committee, as a result, 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 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 half-yearly 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 and leverage risk; 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 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 parties or providers 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 processes for identifying, evaluating and monitoring the significant risks faced by the Company.

This process, together with key procedures established with a view to providing effective financial control, has been in place throughout the year ended 31 December 2018. 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 to 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 year, the Audit and Risk Committee defined a template of Enterprise Risk Management Framework which is being used to monitor the various risks including the key business, operational, compliance and financial risks facing the Company.

Given the nature of the Company's activities and the fact that most functions are sub-contracted, the

Report of the Audit and Risk Committee (Continued)

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 risks 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 reappointment 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 auditor at least once a year to discuss any key issues 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 2018, three audit partners have been rotated to perform the service.

KPMG's rotation policies are consistent with the IESBA Code of Ethics and require the firm to comply with any stricter applicable rotation requirements. The firm's partners are subject to periodic rotation 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 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.

In order to safeguard the auditor's independence and objectivity, the Company did not engage KPMG for any non-audit services except where it was work that they were clearly best suited to perform. Fees paid to KPMG for audit, audit-related and other services are set out in Note 13 to the financial statements and summarised below:

- 2018: US\$112,380
- 2017: US\$83,000

The Audit and Risk Committee reviews the effectiveness of the audit provided by KPMG on an annual basis and remains satisfied with the effectiveness of the audit based on their performance. In addition, the Audit and Risk Committee engaged UK's Financial Reporting Council (FRC) to perform a review of the Company's external auditor i.e. KPMG and reviewed the financial results of the Company. On the basis of the external auditor's performance the Audit and Risk Committee recommended their continuing appointment to the Board with no tender necessary. KPMG have indicated their willingness to continue in office. Accordingly, resolutions to confirm the appointment of KPMG as external auditor to the Company and to authorise the Directors to determine their remuneration will be proposed at the next AGM.



Stanley Chou
Chair of the Audit and Risk
Committee
Vietnam Enterprise Investments
Limited
8 April 2019

Board Of Directors

Chair & Independent Non-Executive Director
(Appointed July 2009)

Wolfgang Bertelsmeier

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



Independent Non-Executive Director
(Appointed March 2011)

Derek Loh

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



Independent Non-Executive Director
(Appointed April 2018)

Vi Le Peterson

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



Senior Independent Non-Executive Director
(Appointed January 2016)

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.



Independent Non-Executive Director
(Appointed July 2014)

Gordon Lawson

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



Non-Executive Director
(Appointed May 1995)

Dominic Scriven

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



Annual General Meeting

Annual General Meeting Summary

The Company announced that at the AGM of the Company held on 4 June 2018, the resolutions numbered 1 to 9 in the notice of meeting for the AGM were all passed by the required majority on a poll vote. The votes made in relation to the resolutions proposed at the AGM were as follows:

Ordinary Resolutions

- (1) To receive and adopt the audited financial statements for the year ended 31 December 2017 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 Wolfgang Bertelsmeier as a Director of the Company.
- (4) To re-elect Gordon Lawson as a Director of the Company.
- (5) To re-elect Derek Loh as a Director of the Company.
- (6) To re-elect Stanley Yu-Chung Chou as a Director of the Company
- (7) To elect Vi Le Peterson 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% of issued share capital as at the date of this resolution (32,996,839 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 2019 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.

Name Abbreviations

In this Financial Statements for the year ended 31 December 2018, entities or securities are referred to by their short names as follows:

| Full Name by Sector | Short Name |
|--|-------------------|
| Banking | |
| Asia Commercial Joint Stock Bank | ACB |
| Ho Chi Minh City Development Joint Stock Commercial Bank | HDB |
| Joint Stock Commercial Bank for Foreign Trade of Vietnam | VCB |
| Military Commercial Joint Stock Bank | MBB |
| Vietnam Prosperity Joint Stock Commercial Bank | VPB |
| Vietnam Technological and Commercial Joint Stock Bank | TCB |
| Capital Goods | |
| Power Construction Joint Stock Company No. 1 | PC1 |
| Vietnam Engine and Agricultural Machinery Corporation | VEA |
| Consumer Durables | |
| Dien Quang Lamp Joint Stock Company | DQC |
| Phu Nhuan Jewelry Joint Stock Company | PNJ |
| Vietnam National Textile and Garment Group | VGT |
| Diversified Financials | |
| Ho Chi Minh City Infrastructure Corporation | CII |
| Ho Chi Minh City Securities Corporation | HSC |
| Masan Group Corporation | MSN |
| Saigon Securities Incorporation | SSI |
| SAM Holdings Corporation | SAM |
| Vietcapital Securities Joint Stock Company | VCI |
| Energy | |
| Binh Son Refining and Petrochemical Joint Stock Company | BSR |
| PetroVietnam Gas Corporation | GAS |
| PetroVietnam Power Corporation | POW |
| Food & Beverage | |
| Saigon Beer Alcohol Beverage Corporation | SAB |
| Vietnam Dairy Products Joint Stock Company | VNM |
| Funds | |
| Vietnam Securities Investment Fund - VF2 | VFMVF2 |

Name Abbreviations (Continued)

| Full Name by Sector | Short Name |
|--|-------------------|
| Materials & Resources | |
| Besra Gold | Besra Gold |
| Hoa Phat Group Joint Stock Company | HPG |
| Hoa Sen Group | HSG |
| Nam Kim Steel Joint Stock Company | NKG |
| Viglacera Corporation | VGC |
| Pharmaceuticals | |
| Imexpharm Pharmaceutical Joint Stock Company | IMP |
| Real Estate & Construction | |
| Binh Chanh Construction Investment Joint Stock Company | BCI |
| Century Land Joint Stock Company | CRE |
| Cotec Construction Joint Stock Company | CTD |
| Dat Xanh Real Estate Service & Construction Corporation | DXG |
| Development Investment Construction Joint Stock Company | DIG |
| Ha Do Group Joint Stock Company | HDG |
| Hai Phat Investment Joint Stock Company | HPX |
| Investment and Industrial Development Corporation | BCM |
| Khang Dien House Trading & Investment Joint Stock Company | KDH |
| Kinh Bac City Development Share Holding Corporation | KBC |
| Nam Bay Bay Investment Corporation | NBB |
| Novaland Group | NVL |
| Phat Dat Real Estate Development Corporation | PDR |
| Ricons Contruction Investment Joint Stock Company | Ricons |
| Song Da Urban & Industrial Zone Investment and Development Joint Stock Company | SJS |
| Tin Nghia Corporation | TID |
| Vietnam Urban and Industrial Zone Development Investment Corporation | IDC |
| Vincom Retail Joint Stock Company | VRE |
| Vingroup Joint Stock Company | VIC |
| Vinhomes Joint Stock Company | VHM |
| Retail | |
| FPT Digital Retail Joint Stock Company | FRT |
| FPT Retail Joint Stock Company | FPR |
| Mobile World Investment Corporation | MWG |
| Software & Services | |
| FPT Corporation | FPT |
| Transportation | |
| Airport Corporation of Vietnam | ACV |
| Vietjet Aviation Joint Stock Company | VJC |
| Vietnam Container Shipping Joint Stock Company | VSC |

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 2018.

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 2018 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 2018 (2017: Nil).

Share Capital

Details of movements in the Company’s share capital during the year are presented in Note 11. As at 31 December 2018, the Company had 219,579,878 Ordinary Shares and 1,000 Management Shares outstanding (31 December 2017: 220,125,680 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:

- Wolfgang Bertelsmeier - Chair
- Derek Eu-Tse Loh
- Gordon Lawson
- Stanley Chou
- Vi Le Peterson (from 24 April

2018)

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 4 June 2018 following the expiry of their respective term. Dominic Scriven O.B.E also submitted himself for re-election, even though the Articles do not explicitly require him to stand for election, and was duly re-appointed. Vi Le Peterson was newly appointed as an Independent Non-executive Director on 24 April 2018.

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 of the Company, is a beneficial shareholder of the Company, holding 36,423 Ordinary Shares of the Company as at 31 December 2018 (31 December 2017: Nil).

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, the Investment Manager of the Company and Dragon Capital Markets Limited. As at 31 December 2018, Dragon Capital Markets Limited beneficially held 2,700,359

Ordinary Shares of the Company for investment and proprietary trading purposes (31 December 2017: 3,700,359 Ordinary Shares).

Gordon Lawson, an Independent Non-executive Director of the Company, is a beneficial shareholder of the Company, holding 25,000 Ordinary Shares of the Company as at 31 December 2018 (31 December 2017: 25,000 Ordinary Shares).

Apart from the above, no other Director had a direct or indirect interest in the share capital of the Company, or its underlying investments at the end of the 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 Enterprise Investment Management Limited where he is a Director. There were no further contracts of significance in relation to the Company’s business in which a Director of the Company had a material interest, whether directly or indirectly, at the end of the year or at any time during the year.

Substantial Shareholders

As at 31 December 2018, the Company’s register of shareholders showed that the following shareholder held more than a 10% interest in the issued Ordinary Share capital of the Company.

Registered shareholder:

- Computershare Investor Services PLC*

Number of Ordinary Shares:

- 220,920,746

% of total Ordinary Shares in issue:

- 100%

(*) Computershare Investor Services PLC was appointed to act as depositary in respect of a facility for the issue of depositary interests representing the Company’s Ordinary Shares.

Auditors

KPMG Limited, Vietnam

Report of the Board of Directors (Continued)

Directors' Responsibility in Respect of the Financial Statements

The Board of Directors is responsible for ensuring that the 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 2018 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;
- 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 2018 are described in the Chair's Statement and the Investment Manager's Report. A detailed description of the principal risks and uncertainties faced by the Company are set out in Note 16 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 Rules ("DTR") 4.1.12R and are in compliance with the requirements set out in the Companies Law;
- the financial statements include a fair review of the information required by DTR 4.1.8R and DTR 4.1.11R, which provide an indication of important events and a description of principal risks and uncertainties during the year; 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 and performance, business model and strategy.

The Board of Directors confirms 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 of 31 December 2018, 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:



Wolfgang Berterlsmeier
Chair
Vietnam Enterprise Investments
Limited
8 April 2019

Signed on behalf of the Audit and Risk Committee by:



Stanley Chou
Chair of the Audit and Risk
Committee
Vietnam Enterprise Investments
Limited
8 April 2019

Independent Auditors' Report



KPMG Limited Branch
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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 2018, 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 35 to 70.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018, 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 2018.

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, 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.

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.

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 Tran Dinh Vinh.

On behalf of KPMG Limited's Branch in Ho Chi Minh City
Vietnam
Audit Report No.: 18-01-00358-19-1

A handwritten signature in blue ink, appearing to read 'Dinh Vinh', written over a horizontal line.

Tran Dinh Vinh
Audit Partner

8 April 2019

Statement of Financial Position

As at 31 December 2018

| | Note | 31 December 2018 US\$ | 31 December 2017 US\$ | Change in % |
|---|------|--------------------------|--------------------------|----------------|
| Current assets: | | | | |
| Financial assets at fair value through profit or loss | 6 | 1,472,751,786 | 1,602,661,219 | |
| Other receivables | | 568,429 | 1,134,004 | |
| Balance due from brokers | 7 | 516,059 | - | |
| Cash and cash equivalents | 8 | 32,791,633 | 32,443,551 | |
| | | 1,506,627,907 | 1,636,238,774 | (7.92) |
| Current liabilities: | | | | |
| Balances due to brokers | 7 | 3,788,426 | - | |
| Borrowings | 9 | 60,000,000 | 80,000,000 | |
| Accounts payable and accruals | 10 | 2,817,513 | 2,961,669 | |
| | | 66,605,939 | 82,961,669 | (19.71) |
| Net assets | | 1,440,021,968 | 1,553,277,105 | (7.29) |
| Equity: | | | | |
| Issued share capital | 11 | 2,195,808 | 2,201,266 | |
| Share premium | 11 | 556,891,643 | 560,096,358 | |
| Retained earnings | | 880,934,517 | 990,979,481 | |
| Total equity | | 1,440,021,968 | 1,553,277,105 | (7.29) |
| Number of Ordinary Shares in issue | 11 | 219,579,878 | 220,125,680 | |
| Net asset value per Ordinary Share | 12 | 6.56 | 7.06 | (7.08) |

Approved by the Board of Directors on 8 April 2019.



Dominic Scriven, OBE
Director
Vietnam Enterprise Investments Limited

The accompanying notes are an integral part of these financial statements

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2018

| | Note | 2018 US\$ | 2017 US\$ |
|---|------|----------------------|---------------------|
| Income: | | | |
| Bank interest income | | 39,832 | 15,834 |
| Bond interest income | | 13,805 | - |
| Dividend income | | 9,497,102 | 9,171,229 |
| Net changes in fair value of financial assets at fair value through profit or loss | 6 | (160,010,507) | 584,221,626 |
| Gains on disposals of investments | | 79,887,179 | 18,234,758 |
| Other income | | - | 23,977 |
| Total income | | (70,572,589) | 611,667,424 |
| Expenses: | | | |
| Administration fees | 13 | (1,263,588) | (1,194,259) |
| Custodian fees | 13 | (958,560) | (754,817) |
| Directors' fees | 13 | (152,354) | (150,007) |
| Management fees | 13 | (30,417,508) | (24,122,990) |
| Legal and professional fees | | (572,607) | (553,497) |
| Brokerage fee and structuring fee | | (1,597,570) | - |
| Restructuring fee of short-term borrowings | | (900,000) | (1,590,000) |
| Interest expense | | (2,713,397) | (1,246,673) |
| Withholding taxes | | (14,621) | (39,636) |
| Other operating expenses | | (419,267) | (347,256) |
| Total expenses | | (39,009,472) | (29,999,135) |
| Net (loss)/profit before exchange (losses)/gains | | (109,582,061) | 581,668,289 |
| Exchange (losses)/gains: | | | |
| Net foreign exchange (losses)/gains | | (462,903) | 1,063 |
| (Loss)/profit before tax | | (110,044,964) | 581,669,352 |
| Income tax | 14 | - | - |
| Net (loss)/profit after tax for the year | | (110,044,964) | 581,669,352 |
| Other comprehensive income for the year | | - | - |
| Total comprehensive (loss)/income for the year | | (110,044,964) | 581,669,352 |
| Total comprehensive (loss)/income for the year attributable to Ordinary Shareholders | | (110,044,964) | 581,669,352 |
| Basic (losses)/earnings per Ordinary Share | 15 | (0.50) | 2.64 |

The accompanying notes are an integral part of these financial statements

Statement of Changes in Net Assets Attributable to Holders of Ordinary Shares

For the year ended 31 December 2018

| | Issued share capital | Share premium | Retained earnings | Total |
|---|-------------------------|--------------------|----------------------|----------------------|
| | US\$ | US\$ | US\$ | US\$ |
| Balance at 1 January 2017 | 2,209,217 | 563,283,425 | 409,310,129 | 974,802,771 |
| Total comprehensive income for the year: | | | | |
| Net profit for the year | - | - | 581,669,352 | 581,669,352 |
| Transactions with shareholders, recognised directly in equity: | | | | |
| Repurchase of Ordinary Shares | (7,951) | (3,187,067) | - | (3,195,018) |
| Balance at 1 January 2018 | 2,201,266 | 560,096,358 | 990,979,481 | 1,553,277,105 |
| Total comprehensive loss for the year: | | | | |
| Net loss for the year | - | - | (110,044,964) | (110,044,964) |
| Transactions with shareholders, recognised directly in equity: | | | | |
| Repurchase of Ordinary Shares | (5,458) | (3,204,715) | - | (3,210,173) |
| Balance at 31 December 2018 | 2,195,808 | 556,891,643 | 880,934,517 | 1,440,021,968 |

The accompanying notes are an integral part of these financial statements

Statement of Cash Flow

For the year ended 31 December 2018

| | Note | 2018 US\$ | 2017 US\$ |
|--|----------|---------------------|---------------------|
| Cash flows from operating activities: | | | |
| (Loss)/profit for the year | | (110,044,964) | 581,669,352 |
| Adjustments for: | | | |
| Bank interest income | | (39,832) | (15,834) |
| Bond interest income | | (13,805) | - |
| Dividend income | | (9,497,102) | (9,171,229) |
| Net changes in fair value of financial assets at fair value through profit or loss | | 160,010,507 | (584,221,626) |
| Gains on disposals of investments | | (79,887,179) | (18,234,758) |
| | | (39,472,375) | (29,974,095) |
| Net cash flow from subsidiaries carried at fair value | | 177,572,707 | 23,722,850 |
| Changes in other receivables and balances due from brokers | | 47,299 | 403,877 |
| Changes in balances due to brokers and accounts payable and accruals | | 3,644,270 | 1,009,875 |
| | | 141,791,901 | (4,837,493) |
| Proceeds from disposals of investments | | 240,140,412 | 86,491,374 |
| Purchases of investments | | (367,927,014) | (114,659,715) |
| Bank interest income received | | 39,832 | 15,834 |
| Bond interest income received | | 13,805 | - |
| Dividends received | | 9,499,319 | 8,790,687 |
| Net cash generated from/(used in) operating activities | | 23,558,255 | (24,199,313) |
| Cash flows from financing activities: | | | |
| Proceeds from short-term borrowings | | 60,000,000 | 40,000,000 |
| Repayments of borrowings | | (80,000,000) | - |
| Repurchase of Ordinary Shares | | (3,210,173) | (3,195,018) |
| Net cash (used in)/generated from financing activities | | (23,210,173) | 36,804,982 |
| Net increase in cash and cash equivalents | | 348,082 | 12,605,669 |
| Cash and cash equivalents at the beginning of the year | | 32,443,551 | 19,837,882 |
| Cash and cash equivalents at the end of the year | 8 | 32,791,633 | 32,443,551 |

The accompanying notes are an integral part of these financial statements

Notes to the Financial Statements

For the year ended 31 December 2018

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.

The Company had the following investments in subsidiaries and joint operation as at 31 December 2018, 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% |
| Geffen Limited (*) | British Virgin Islands | Investment holding | 100% |
| VEIL Cement Limited (*) | British Virgin Islands | Investment holding | 100% |
| VEIL Estates Limited (*) | British Virgin Islands | Investment holding | 100% |
| VEIL Industries Limited (*) | British Virgin Islands | Investment holding | 100% |
| VEIL Infrastructure Limited | British Virgin Islands | Investment holding | 100% |
| VEIL Paper Limited (*) | British Virgin Islands | Investment holding | 100% |
| Amersham Industries Limited | British Virgin Islands | Investment holding | 100% |
| Balestrand Limited | British Virgin Islands | Investment holding | 100% |
| Asia Reach Investment Limited | British Virgin Islands | Investment holding | 100% |

(*) Those subsidiaries were dissolved in 2018.

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

As at 31 December 2018 and 31 December 2017, the Company had no employees.

2. Basis of Preparation

(a) Statement of compliance

The Company’s financial statements as at and for the year ended 31 December 2018 have been prepared in accordance with IFRS. They were authorized for issue by Company’s Board of Directors on 31 March 2019.

(b) Basis of measurement

The 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 4(c)(iii).

(c) Functional and presentation currency

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

Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

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, custodian 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 each subsidiary 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.

Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

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 receivables

The Directors determine the allowance for impairment of receivables on a regular basis. This estimate is based on the Directors' review of each individual account balance taking into account the credit history of the debtors and prevailing market conditions.

(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. Change in Accounting Policies

The Company has initially applied IFRS 9 Financial Instruments published in July 2014 from 1 January 2018. A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the Company's financial statements.

Due to the transition methods chosen by the Company in applying the standard, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standard.

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, The Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of comprehensive income. For the year ended 31 December 2018, the impairment loss on cash and cash equivalent, balances due from brokers, other receivables were nil (2017: nil).

Additionally, the Company has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures, which are applied to disclosures about 2018 but have not generally been applied to comparative information.

The adoption of IFRS 9 had no material impact on the net assets attributable to Ordinary Shareholders of the Company.

(i) Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had any effect on the Company's accounting policies related to financial liabilities.

For an explanation of how the Company classifies and measures financial instruments and accounts for related gains and losses under IFRS 9, see Note 4(c)(ii).

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of The Company's financial assets and financial liabilities as at 1 January 2018.

Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

3. Change in Accounting Policies (Continued)

There is no material effect of adopting IFRS 9 on the carrying amounts of financial assets and financial liabilities as at 1 January 2018.

| | Note | Original classification under IAS 39 | New classification under IFRS 9 | Original carrying amount under IAS 39 US\$ | New carrying amount under IFRS 9 US\$ |
|----------------------------------|------|--------------------------------------|---------------------------------|---|--|
| Financial assets | | | | | |
| Equity securities investment (*) | 6 | Designated as at FVTPL | Mandatorily at FVTPL | 1,602,661,219 | 1,602,661,219 |
| Other receivables | 7 | Loans and receivables | Amortised cost | 1,134,004 | 1,134,004 |
| Cash and cash equivalents | 8 | Loans and receivables | Amortised cost | 32,443,551 | 32,443,551 |
| | | | | 1,636,238,774 | 1,636,238,774 |
| Financial liabilities | | | | | |
| Accounts payable and accruals | 10 | Amortised cost | Amortised cost | 2,961,669 | 2,961,669 |
| Borrowings | 9 | Amortised cost | Amortised cost | 80,000,000 | 80,000,000 |
| | | | | 82,961,669 | 82,961,669 |

(*) Under IAS 39, these equity securities investments were designated as at FVTPL because they were managed on a fair value basis and their performance was monitored on this basis. These assets have been classified as mandatorily measured at FVTPL under IFRS 9.

The adoption of IFRS 9 has not had a material impact on the classification of financial assets and financial liabilities of the Company.

(ii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39 - see Note 4(c)(v).

The application of IFRS 9's impairment requirements at 1 January 2018 does not have material impact on the Company's financial statements.

(iii) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

- Comparative periods have not generally been restated. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in net assets attributable to Ordinary Shareholders as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9, but rather those of IAS 39.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:
 - The determination of the business model within which a financial asset is held.
 - The revocation of previous designations of certain financial assets as measured at FVTPL.

This change in accounting policy does not have any material impact on the Company's financial statements for the year ended 31 December 2018.

Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

4. Summary of Significant Accounting Policies

The following significant accounting policies have been applied consistently to all periods presented in these financial statements, except if mentioned otherwise (see Note 3).

(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.

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 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.

(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, which are recognised as a component of net changes in fair value of financial instruments at fair value through profit or loss.

(c) Financial assets and financial liabilities

(i) Recognition and initial measurement

The Company initially recognises financial assets and financial liabilities at FVTPL 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 they are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement

Classification of financial assets - Policy applicable from 1 January 2018

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:

Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

4. Summary of Significant Accounting Policies (Continued)

- 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 flow.
- 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.

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).

For a reconciliation of line items in the statement of financial position to the categories of financial instruments, as defined by IFRS 9, see Note 3.

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.

Classification of financial assets - Policy applicable before 1 January 2018

The Company classifies financial assets into the following categories:

Financial assets at fair value through profit or loss

- Designated at fair value through profit or loss – investments in equity instruments.

Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

4. Summary of Significant Accounting Policies (Continued)

Loans and receivables

- Cash and cash equivalents and other receivables.

The Company designed all debt and equity investments as at FVTPL on initial recognition because it managed these securities on a fair value basis in accordance with its documented investment strategy. Internal reporting and performance measurement of these securities were on a fair value basis.

For a reconciliation of line items in the statement of financial position to the categories of financial instruments, as defined by IAS 39, see Note 3.

Subsequent measurement of financial assets

- Financial assets at fair value through profit or loss

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 in “net income from instruments at FVTPL” in statement of comprehensive income.

- Financial assets at amortised cost (2017: loans and receivables)

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 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 and loss.

Cash and cash equivalent, 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 classified as 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.

(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.

Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

4. Summary of Significant Accounting Policies (Continued)

(iv) Amortised cost measurement

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

(v) Impairment

Policy applicable from 1 January 2018

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

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

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

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

Measurement of ECLs

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

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

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.

Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

4. Summary of Significant Accounting Policies (Continued)

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.

Policy applicable before 1 January 2018

Financial assets not classified at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment. A financial asset or a group of financial assets was 'impaired' if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset(s) and that loss event(s) had an impact on the estimated future cash flows of that asset(s) that could be estimated reliably.

Objective evidence that financial assets were impaired included significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of the amount due on terms that the Company would not otherwise consider, indications that a borrower or issuer would enter bankruptcy, disappearance of an active market for a security or adverse changes in the payment status of the borrower.

An impairment loss in respect of a financial asset measured at amortised cost was calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continued to be recognised. If an event occurring after the impairment was recognised caused the amount of impairment loss to decrease, then the decrease in impairment loss was reversed through profit or loss.

(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 assets, 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 and loss. Any interest in such transferred financial assets that is created or 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 substantially all if the risks and the 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 purchase transactions.

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

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

(vii) Offsetting

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

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

Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

4. Summary of Significant Accounting Policies (Continued)

(d) Cash and cash equivalents

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

(e) Share capital

Issuance of share capital

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

Repurchase of Ordinary Shares

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

(i) Dividend income

Dividend income is recognised in profit or loss on the date on which the right to receive payment is established. For quoted equity securities, this is usually the ex-dividend date. For unquoted 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.

Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

4. Summary of Significant Accounting Policies (Continued)

(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 2018 and 2017.

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 jointly controlled entity;
- 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.

Other investment companies/funds under the management of Dragon Capital Investment Management Limited, the parent company of the Investment Manager, or entities of Dragon Capital Group Limited (including Ho Chi Minh City Securities Corporation (“HSC”) and Vietnam Investment Fund Management Joint Stock Company (“VFM”) and its funds under management) are also considered related parties to the Company.

5. Transactions with Related Parties

Dominic Scriven O.B.E., the Non-executive Director of the Company, is a beneficial shareholder of the Company, holding 36,423 Ordinary Shares of the Company as at 31 December 2018 (31 December 2017: Nil). 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, the Investment Manager of the Company and Dragon Capital Markets Limited. As at 31 December 2018, Dragon Capital Markets Limited beneficially held 2,700,359 Ordinary Shares of the Company for investment and proprietary trading purposes (31 December 2017: 3,700,359 Ordinary Shares).

Gordon Lawson, a Director of the Company, is a beneficial shareholder of the Company, holding 25,000 Ordinary Shares of the Company as at 31 December 2018 (31 December 2017: 25,000 Ordinary Shares).

During the year, the Directors, with exception of Dominic Scriven O.B.E, earned US\$152,354 (31 December 2017: US\$150,007) for their participation on the Board of Directors of the Company.

During the year, total broker fees paid to HSC – an associate of Dragon Capital Group Limited and one of the securities brokers of the Company and its subsidiaries – amounted to US\$272,799 (2017: US\$184,154). As at 31 December 2018, there was no broker fee payable to this broker (31 December 2017: US\$2,470).

During the period, there was no trading amount dealt on the Company’s behalf by VFM – a subsidiary of Dragon Capital Group Limited and its subsidiaries (2017: US\$20,545). As at 31 December 2018, there was no payable amount to this party (31 December 2017: Nil).

Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

6. Financial Assets at Fair Value through Profit and Loss

| | 31 December 2018 | 31 December 2017 |
|---------------------------------|----------------------|----------------------|
| | US\$ | US\$ |
| Directly held investments (a) | 613,929,733 | 547,011,237 |
| Investments in subsidiaries (b) | 858,822,053 | 1,055,649,982 |
| | 1,472,751,786 | 1,602,661,219 |

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

| | 31 December 2018 | 31 December 2017 |
|------------------------------|--------------------|--------------------|
| | US\$ | US\$ |
| Listed investments: | | |
| Investments, at cost | 474,416,747 | 231,428,645 |
| Unrealised gains | 128,968,867 | 265,213,203 |
| At carrying value (d) | 603,385,614 | 496,641,848 |
| Unlisted investments: | | |
| Investments, at cost | 14,911,125 | 50,225,446 |
| Unrealised (losses)/gains | (4,367,006) | 143,943 |
| At carrying value (d) | 10,544,119 | 50,369,389 |
| | 613,929,733 | 547,011,237 |

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

| | 31 December 2018 | 31 December 2017 |
|---------------------------|--------------------|--------------------|
| | US\$ | US\$ |
| Opening balance | 547,011,237 | 329,143,330 |
| Purchases | 367,927,014 | 114,659,715 |
| Sales | (160,253,233) | (68,256,616) |
| Unrealised (losses)/gains | (140,755,285) | 171,464,808 |
| Closing balance | 613,929,733 | 547,011,237 |

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

Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

6. Financial Assets at Fair Value through Profit and Loss (Continued)

The net asset of the Company's subsidiaries comprised:

| | 31 December 2018 | 31 December 2017 |
|---|--------------------|----------------------|
| | US\$ | US\$ |
| Cash and cash equivalents | 19,208,229 | 31,559,842 |
| Financial assets at fair value through profit or loss (c) | 848,094,361 | 1,018,259,850 |
| Other receivables | 621,972 | 741,163 |
| Balances due from brokers | 683,779 | 5,089,127 |
| Total assets | 868,608,341 | 1,055,649,982 |
| Balance due to brokers | 9,786,288 | - |
| Total liabilities | 9,786,288 | - |
| Net assets | 858,822,053 | 1,055,649,982 |

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

| | 31 December 2018 | 31 December 2017 |
|---|--------------------|----------------------|
| | US\$ | US\$ |
| Opening balance | 1,055,649,982 | 666,616,014 |
| Net cash flows from subsidiaries | (177,572,707) | (23,722,850) |
| Fair value movements on investments of subsidiaries | (19,255,222) | 412,756,818 |
| Closing balance | 858,822,053 | 1,055,649,982 |

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

| | 31 December 2018 | 31 December 2017 |
|------------------------------|--------------------|----------------------|
| | US\$ | US\$ |
| Listed investments: | | |
| Investments, at cost | 600,418,009 | 528,505,794 |
| Unrealised gains | 245,016,873 | 422,875,746 |
| At carrying value (d) | 845,434,882 | 951,381,540 |
| Unlisted investments: | | |
| Investments, at cost | 3,083,797 | 57,078,916 |
| Unrealised (losses)/gains | (424,318) | 9,799,394 |
| At carrying value (d) | 2,659,479 | 66,878,310 |
| | 848,094,361 | 1,018,259,850 |

Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

6. Financial Assets at Fair Value through Profit and Loss (Continued)

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

| | 31 December 2018 | 31 December 2017 |
|---------------------------|--------------------|----------------------|
| | US\$ | US\$ |
| Opening balance | 1,018,259,850 | 662,690,197 |
| Purchases | 238,983,482 | 247,949,253 |
| Sales | (221,066,386) | (128,475,635) |
| Unrealised (losses)/gains | (188,082,585) | 236,096,035 |
| Closing balance | 848,094,361 | 1,018,259,850 |

(d) As at 31 December 2018 and 2017, the Company held the following listed and unlisted investments directly and/or indirectly through its subsidiaries:

| | The Company | | | | Subsidiaries | | | |
|----------------------------------|------------------|----------------|------------------|----------------|------------------|----------------|------------------|----------------|
| | 31 December 2018 | | 31 December 2017 | | 31 December 2018 | | 31 December 2017 | |
| | Cost | Carrying value | Cost | Carrying value | Cost | Carrying value | Cost | Carrying value |
| | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| Listed equity investments | | | | | | | | |
| SAB | 57,326,571 | 75,419,315 | 1,965,754 | 2,462,042 | 9,866,009 | 12,977,239 | 12,525,690 | 17,688,125 |
| MWG | 25,323,726 | 58,019,994 | 25,323,726 | 66,924,842 | 50,094,091 | 60,129,419 | 50,111,911 | 69,358,019 |
| VHM | 49,008,122 | 39,363,814 | - | - | 39,396,702 | 31,077,066 | - | - |
| VNM | 4,004,071 | 36,436,584 | 2,809,824 | 90,982,577 | 313 | 2,851 | 840,769 | 27,224,234 |
| HPG | 13,555,378 | 34,499,807 | 10,784,135 | 38,256,989 | 26,078,774 | 24,426,823 | 5,826,744 | 20,670,518 |
| NVL | 25,653,823 | 25,001,229 | - | - | 2,900,046 | 3,445,958 | - | - |
| PNJ | 22,239,856 | 23,558,163 | 10,568,071 | 13,525,651 | 16,149,402 | 14,416,796 | 2,377,688 | 2,870,231 |
| KDH | 10,543,906 | 22,288,560 | 10,693,657 | 18,257,884 | 39,890,094 | 76,568,286 | 29,798,413 | 52,875,551 |
| VCB | 13,012,920 | 21,981,262 | 13,087,272 | 25,467,049 | 482,039 | 151,170 | 3,180,707 | 5,849,343 |
| MBB | 14,918,104 | 21,649,370 | 27,538,913 | 44,796,280 | 29,063,646 | 44,642,728 | 29,330,778 | 51,862,145 |
| TCB | 35,120,561 | 21,227,893 | - | - | - | - | - | - |
| MSN | 21,191,693 | 19,733,348 | 4,009,173 | 5,775,552 | 10,711,676 | 10,023,712 | 6,072,306 | 8,747,765 |
| HPX | 11,528,254 | 19,565,003 | - | - | 5,772,822 | 9,458,261 | - | - |
| GAS | 14,387,728 | 18,390,674 | 13,758,134 | 21,083,975 | 11,413,384 | 17,477,108 | 28,551,312 | 48,325,781 |
| PC1 | 14,523,059 | 15,633,967 | 16,988,261 | 25,368,903 | 4,642,960 | 4,906,198 | 3,565,533 | 4,589,370 |
| DXG | 10,331,950 | 15,476,191 | 3,289,704 | 6,962,351 | 18,538,192 | 31,324,180 | 13,279,202 | 27,214,003 |
| FPT | 10,518,207 | 14,690,603 | 18,206,053 | 30,558,771 | 17,505,023 | 26,100,343 | 24,103,005 | 43,506,957 |
| IDC (*) | 14,730,997 | 13,748,769 | 14,730,997 | 16,973,725 | 7,289,204 | 7,066,697 | 9,146,954 | 10,892,314 |
| PDR | 13,978,432 | 11,325,997 | - | - | - | - | - | - |
| HDB | 11,847,310 | 11,056,136 | - | - | - | - | - | - |
| VJC | 9,227,927 | 9,312,352 | - | - | 5,894,074 | 10,116,763 | 20,178,890 | 54,664,489 |
| VGC | 8,292,104 | 9,167,951 | 9,607,893 | 16,275,485 | 13,054,763 | 15,215,969 | 15,127,123 | 26,189,581 |
| DIG | 5,282,274 | 8,379,100 | 4,473,373 | 9,858,770 | 25,298,700 | 23,651,497 | 23,959,815 | 28,559,654 |
| TID | 3,227,316 | 7,394,678 | - | - | 4,669,354 | 10,901,769 | - | - |
| BSR (*) | 10,550,117 | 6,754,064 | - | - | - | - | - | - |
| CRE | 5,395,406 | 6,337,573 | - | - | 3,121,628 | 3,666,739 | - | - |
| BCM | 8,198,033 | 6,270,403 | - | - | 16,589,014 | 13,683,251 | - | - |

Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

6. Financial Assets at Fair Value through Profit and Loss (Continued)

| | The Company | | | | Subsidiaries | | | |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 31 December 2018 | | 31 December 2017 | | 31 December 2018 | | 31 December 2017 | |
| | Cost | Carrying value | Cost | Carrying value | Cost | Carrying value | Cost | Carrying value |
| | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| NKG | 10,587,415 | 5,837,065 | 12,989,631 | 25,628,605 | 9,801,399 | 4,452,585 | 9,948,058 | 14,480,162 |
| FRT | 3,554,865 | 5,443,157 | - | - | 9,841,625 | 15,050,426 | - | - |
| IMP | 3,018,705 | 4,317,743 | 3,018,705 | 4,156,061 | 15,439,339 | 22,820,423 | 12,795,203 | 19,160,231 |
| VEA | 1,732,340 | 3,749,515 | - | - | 15,764,346 | 39,188,316 | - | - |
| VRE | 3,619,511 | 3,240,041 | 7,313,144 | 8,305,077 | 12,561,213 | 9,971,010 | - | - |
| SSI | 2,834,515 | 2,914,450 | 1,531,700 | 1,986,412 | 2,882,954 | 3,446,864 | 2,708,323 | 3,804,659 |
| POW | 2,568,009 | 2,747,075 | - | - | 21,965,033 | 23,319,922 | - | - |
| SJS | 1,673,842 | 1,727,743 | 1,246,919 | 1,790,969 | 3,855,682 | 3,987,030 | 3,855,567 | 5,639,658 |
| VPB | 773,225 | 610,670 | - | - | 21,859,171 | 17,810,680 | 32,019,901 | 33,501,707 |
| DQC | 110,028 | 88,970 | 110,028 | 132,866 | 8,442,535 | 4,484,045 | 8,442,534 | 6,696,403 |
| NBB | 26,447 | 26,385 | - | - | 5,643,765 | 6,237,808 | 5,781,096 | 6,398,343 |
| HSG | - | - | 5,766,633 | 9,843,528 | - | - | 11,851,532 | 11,810,596 |
| KBC | - | - | 5,203,241 | 4,583,122 | - | - | 5,169,148 | 4,733,582 |
| BCI | - | - | 2,686,456 | 3,083,485 | - | - | - | - |
| VGT (*) | - | - | 2,073,027 | 1,814,259 | - | - | 10,883,392 | 9,524,858 |
| SAM | - | - | 1,654,221 | 1,786,618 | - | - | 3,611,243 | 3,900,273 |
| ACB(**) | - | - | - | - | 43,046,070 | 51,516,397 | 43,046,070 | 52,317,641 |
| ACB | - | - | - | - | 28,087,185 | 101,687,455 | 28,033,448 | 102,311,702 |
| VCI | - | - | - | - | 13,542,228 | 14,378,200 | 21,880,844 | 32,025,030 |
| CTD | - | - | - | - | - | - | 16,496,441 | 23,937,646 |
| CII | - | - | - | - | 13,762,177 | 19,062,186 | 13,762,177 | 25,984,863 |
| ACV (*) | - | - | - | - | 7,230,712 | 43,849,296 | 9,507,086 | 76,478,611 |
| HDG | - | - | - | - | 6,441,066 | 10,933,613 | 6,752,782 | 11,188,094 |
| VIC | - | - | - | - | 1,829,599 | 1,807,803 | 3,984,109 | 6,399,401 |
| Total listed investments | 474,416,747 | 603,385,614 | 231,428,645 | 496,641,848 | 600,418,009 | 845,434,882 | 528,505,794 | 951,381,540 |

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

(**) This is ACB P-notes held under Asia Reach Investment Limited.

Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

6. Financial Assets at Fair Value through Profit and Loss (Continued)

| | The Company | | | | Subsidiaries | | | |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|----------------------|
| | 31 December 2018 | | 31 December 2017 | | 31 December 2018 | | 31 December 2017 | |
| | Cost | Carrying value | Cost | Carrying value | Cost | Carrying value | Cost | Carrying value |
| | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| Unlisted investments | | | | | | | | |
| OTC equities: | | | | | | | | |
| HDB (***) | - | - | 17,888,579 | 17,620,558 | - | - | 13,095,297 | 12,899,093 |
| HPX (***) | - | - | 11,528,254 | 11,529,271 | - | - | 5,284,153 | 5,284,249 |
| FRT (***) | - | - | 5,712,667 | 7,579,594 | - | - | 9,202,427 | 12,209,388 |
| VEA (***) | - | - | 3,843,120 | 5,614,514 | - | - | 15,372,478 | 22,458,056 |
| BCM (***) | - | - | 4,776,790 | 4,777,841 | - | - | 8,871,183 | 8,873,134 |
| TIN (***) | - | - | 2,713,674 | 3,247,611 | - | - | 3,922,088 | 4,799,969 |
| Ricons | 4,711,685 | 4,063,375 | - | - | 3,083,797 | 2,659,479 | - | - |
| Private equities: | | | | | | | | |
| Besra Gold | 3,762,362 | - | 3,762,362 | - | - | - | - | - |
| VFMVF2 | - | - | - | - | - | - | 1,331,290 | 354,421 |
| Vietnam Corporate bonds: | | | | | | | | |
| HSC - Corporate bonds | 6,437,078 | 6,480,744 | - | - | - | - | - | - |
| Total unlisted investments | 14,911,125 | 10,544,119 | 50,225,446 | 50,369,389 | 3,083,797 | 2,659,479 | 57,078,916 | 66,878,310 |
| Total | 489,327,872 | 613,929,733 | 281,654,091 | 547,011,237 | 603,501,806 | 848,094,361 | 585,584,710 | 1,018,259,850 |

(***) BCM, TID, VEA were listed in the Unlisted Public Company Market (“UPCoM”) in 2018. HDB, HPX, FRT were listed in the Ho Chi Minh City Stock Exchange (“HOSE”) in 2018.

Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

6. Financial Assets at Fair Value through Profit and Loss (Continued)

Investment portfolio by sector was as follows:

| | 31 December 2018 | | 31 December 2017 | |
|----------------------------|----------------------|------------|----------------------|------------|
| | US\$ | % | US\$ | % |
| Real Estate & Construction | 430,649,308 | 29 | 286,165,704 | 18 |
| Banking | 292,333,761 | 20 | 346,625,518 | 22 |
| Retail | 138,642,996 | 9 | 156,071,843 | 10 |
| Food & Beverage | 124,835,989 | 9 | 138,356,978 | 9 |
| Material & Resources | 93,600,200 | 6 | 163,155,464 | 10 |
| Diversified Financials | 76,039,504 | 5 | 84,011,172 | 5 |
| Others | 74,205,688 | 5 | 95,775,396 | 6 |
| Energy | 68,688,843 | 5 | 69,409,756 | 4 |
| Transportation | 63,278,411 | 4 | 131,143,100 | 8 |
| Consumer Durables | 42,547,974 | 3 | 34,564,268 | 2 |
| Software & Services | 40,790,946 | 3 | 74,065,728 | 5 |
| Pharmaceuticals | 27,138,166 | 2 | 23,316,292 | 1 |
| | 1,472,751,786 | 100 | 1,602,661,219 | 100 |

(f) 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.

(g) 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 6(b). The Company has no contractual commitments or current intentions to provide any other financial or other support to its unconsolidated subsidiaries.

7. Balances Due from/Due to Brokers

| | 31 December 2018 | 31 December 2017 |
|---|------------------|------------------|
| | US\$ | US\$ |
| Sale transactions awaiting settlement | 516,059 | - |
| Purchase transactions awaiting settlement | 3,788,426 | - |

In accordance with the Company's policy of trade date accounting for regular sale and purchase transactions, sale transactions awaiting settlement represent amounts receivable for securities sold and purchase transactions awaiting settlement represent amounts payable for securities purchased, but not yet settled as at the reporting date.

8. Cash and Cash Equivalents

| | 31 December 2018 | 31 December 2017 |
|---------------|------------------|------------------|
| | US\$ | US\$ |
| Cash in banks | 32,791,633 | 32,443,551 |

Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

9. Borrowings

| | 31 December 2018 | 31 December 2017 |
|--|------------------|------------------|
| | US\$ | US\$ |
| Standard Chartered Bank – Singapore Branch | | |
| Secured Bank Loan | 60,000,000 | 80,000,000 |

Movements of short-term borrowings during the year were as follows:

| | 31 December 2018 | 31 December 2017 |
|----------------------------|------------------|------------------|
| | US\$ | US\$ |
| Opening balance | 80,000,000 | 40,000,000 |
| Repayments during the year | (80,000,000) | - |
| Additions during the year | 60,000,000 | 40,000,000 |
| Closing balance | 60,000,000 | 80,000,000 |

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

| | | 31 December 2018 | | |
|-------------------|-------------------------|------------------|---------------|--------------|
| | Interest rate per annum | Date of maturity | Nominal value | Carry amount |
| | % | | US\$ | US\$ |
| Secured Bank Loan | 4.7658 | 6 December 2019 | 60,000,000 | 60,000,000 |

As at 31 December 2018 and 2017, the bank loans were secured by the Company's investments with total carrying value of US\$214,551,241 (31 December 2017: US\$294,229,601).

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

10. Accounts Payable and Accruals

| | 31 December 2018 | 31 December 2017 |
|---------------------|------------------|------------------|
| | US\$ | US\$ |
| Management fees | 2,405,644 | 2,501,610 |
| Administration fees | 159,239 | 215,713 |
| Other payables | 252,630 | 244,346 |
| | 2,817,513 | 2,961,669 |

11. Issued Share Capital and Share Premium

| | 31 December 2018 | 31 December 2017 |
|---|------------------|------------------|
| | 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 |

Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

11. Issued Share Capital and Share Premium (Continued)

| | 31 December 2018 | 31 December 2017 |
|---|------------------|------------------|
| | US\$ | US\$ |
| Issued and fully paid: | | |
| 220,920,746 Ordinary Shares at par value of US\$0.01 each (31 December 2017: 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 | (13,409) | (7,951) |
| Shares in circulation: | | |
| Ordinary Shares | 2,195,798 | 2,201,256 |
| Management Shares | 10 | 10 |
| Outstanding issued share capital in circulation | 2,195,808 | 2,201,266 |

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.

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

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

During the year, no Conversion Shares were in issue, and no Conversion Shares were in issue as at 31 December 2018 and 2017.

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.

Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

11. Issued Share Capital and Share Premium (Continued)

As at 31 December 2018 and 2017, the following shareholder owned more than 10 percent of the Company's issued Ordinary Share capital.

| | Number of Ordinary Shares held | % of total Ordinary Shares in issue |
|--|-----------------------------------|--|
| Registered shareholders | | |
| Computershare Investor Services PLC (*) | 220,920,746 | 100% |
| <i>In which:</i> | | |
| <i>Bill & Melinda Gates Foundation Trust</i> | <i>25,049,173</i> | <i>11.34%</i> |

(*) Computershare Investor Services PLC acts as depositary in respect of a facility for the issue of depositary interests representing the Company's Ordinary Shares.

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

| | Year ended 31 December 2018 | | Year ended 31 December 2017 | |
|---|-----------------------------|------------------|-----------------------------|------------------|
| | Shares | US\$ | Shares | US\$ |
| Balance at the beginning of the period | 220,125,680 | 2,201,256 | 220,920,746 | 2,209,207 |
| Repurchase of Ordinary Shares during the year | (545,802) | (5,458) | (795,066) | (7,951) |
| Balance at the end of the year | 219,579,878 | 2,195,798 | 220,125,680 | 2,201,256 |

Movements in share premium during the year were as follows:

| | Year ended 31 December 2018 | Year ended 31 December 2017 |
|---|--------------------------------|--------------------------------|
| | US\$ | US\$ |
| Balance at the beginning of the period | 560,096,358 | 563,283,425 |
| Repurchase of Ordinary Shares during the period | (3,204,715) | (3,187,067) |
| Balance at the end of the period | 556,891,643 | 560,096,358 |

12. 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 2018 of US\$1,440,021,968 (31 December 2017: US\$1,553,277,105) and the number of outstanding Ordinary Shares in issue as at that date of 219,579,878 shares (31 December 2017: 220,125,680 Ordinary Shares).

13. Fees

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

Administration fees

Prior to 30 September 2018, Standard Chartered Bank (the "Administrator") was entitled to receive a fee of 0.06% of the gross assets per annum. With effect from 1 October 2018, this fee is calculated at 0.048% of the gross assets per annum. Administration fees are 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\$1,263,588 (2017: US\$1,194,259). As at 31 December 2018, an administration fee of US\$159,239 (31 December 2017: US\$215,713) was payable to the Administrator.

Custodian fees

Standard Chartered Bank (the "Custodian") is entitled to receive a fee of 0.05% (2017: 0.05%) of the assets under custody per annum, payable monthly in arrears and subject to a minimum monthly fee of US\$500 per custody account. In addition, the Custodian is entitled to US\$20 per listed transaction and US\$10 per scripless securities. During the year, total custodian fees amounted to US\$958,560 (2017: US\$754,817). There were no custodian fees payable as at 31 December 2018 and 2017.

Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

13. Fees (Continued)

Directors' fees

During the year, total directors' fees amounted to US\$152,354 (2017: US\$150,007). There were no directors' fees payable as at 31 December 2018 and 2017. 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 August 2017, the Investment Manager was entitled to receive a management fee equal to 2% per annum of the NAV, accrued daily and payable monthly in arrears. With effect from 1 August 2017, the management fee is 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.

During the year, total management fees amounted to US\$30,417,508 (2017: US\$24,122,990). As at 31 December 2018, a management fee of US\$2,405,644 (31 December 2017: US\$2,501,610) remained payable to the Investment Manager.

Audit and related fees

During the year, included in the legal and professional fees of the Company was audit and related fees amounted to US\$112,380 (2017: US\$83,000) paid to the auditor, KPMG Limited. There were no other advisory fees paid to the auditor in 2018 (2017: nil).

14. 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.

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 remitted by Vietnamese investee companies to foreign corporate investors are not subject to withholding taxes.

See Note 16(B) for further details.

15. Basic Earnings/(Losses) per Ordinary Share

The calculation of basic earnings per Ordinary Share for the year was based on the net loss for the year attributable to the Ordinary Shareholders of US\$110,044,964 (2017: net profit of US\$581,669,352) and the weighted average number of Ordinary Shares outstanding of 219,831,535 shares (2017: 220,237,538 shares) in issue during the year.

(a) Net (losses)/profit attributable to the Ordinary Shareholders

| | Year ended 31 December 2018 | Year ended 31 December 2017 |
|---|--------------------------------|--------------------------------|
| | US\$ | US\$ |
| Net (losses)/profit attributable to the Ordinary Shareholders | (110,044,964) | 581,669,352 |

Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

15. Basic Earnings/(Losses) per Ordinary Share (Continued)

(b) Weighted average number of Ordinary Shares

| | Year ended 31 December 2018 | Year ended 31 December 2017 |
|---|--------------------------------|--------------------------------|
| | US\$ | US\$ |
| Issued Ordinary Shares at the beginning of the period | 220,125,680 | 220,920,746 |
| Effect of Ordinary Shares repurchased during the period | (294,145) | (683,208) |
| Weighted average number of Ordinary Shares | 219,831,535 | 220,237,538 |

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

| | Year ended 31 December 2018 | Year ended 31 December 2017 |
|--|--------------------------------|--------------------------------|
| | US\$ | US\$ |
| Basic (losses)/earnings per Ordinary Share | (0.50) | 2.64 |

16. Financial Risk Management and Uncertainty

A. Financial risk management

The Company and its subsidiaries mainly invested 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 2018 and 2017, the Company's credit risk arose principally from its other receivables, balances due from brokers, cash and cash equivalents and investments in debt securities.

Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

16. 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 2018 | 31 December 2017 |
|------------------------------------|------------------|------------------|
| | US\$ | US\$ |
| Investments in debt securities (i) | 6,480,744 | - |
| Other receivables (ii) | 568,429 | 1,134,004 |
| Balances due from brokers (ii) | 516,059 | - |
| Cash and cash equivalents (iii) | 32,791,633 | 32,443,551 |
| | 40,356,865 | 33,577,555 |

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 2018 and 2017, 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 2018 | 31 December 2017 |
|---------------------------------|------------------|------------------|
| | US\$ | US\$ |
| Other receivables (ii) | 621,972 | 741,163 |
| Balances due from brokers (ii) | 683,779 | 5,089,127 |
| Cash and cash equivalents (iii) | 19,208,229 | 31,559,842 |
| | 20,513,980 | 37,390,132 |

(i) Investments in debt securities

Investments in debt securities represented corporate bonds of a Vietnamese company. The Directors do not foresee any significant credit risks from these bonds.

(ii) 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 2018 and 2017 were past due.

(iii) Cash and cash equivalents

Cash and cash equivalents of the Company and its subsidiaries were held mainly with well-known financial institutions. The Directors do not foresee any significant credit risks from these deposits 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 another 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 2018 and 2017, all the contractual maturities of non-derivative financial liabilities of the Company and its subsidiaries were payable within a year.

Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

16. 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 |
|----------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 2018 | 2018 | 2017 | 2017 |
| Market Indices | % | US\$m | % | US\$m |
| VN Index | 48 | 687.08 | 50 | 554.14 |
| VN Index | (48) | (687.08) | (50) | (554.14) |

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.

Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

16. 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 |
|-------------------------------------|---------------------|-------------|----------------------|---------------------|
| | US\$ | US\$ | US\$ | US\$ |
| 31 December 2018 | | | | |
| Assets | | | | |
| Other receivables | - | - | 568,429 | 568,429 |
| Balances due from brokers | - | - | 516,059 | 516,059 |
| Cash and cash equivalents | 32,791,633 | - | - | 32,791,633 |
| Total assets | 32,791,633 | - | 1,084,488 | 33,876,121 |
| Liabilities | | | | |
| Borrowings | (60,000,000) | - | - | (60,000,000) |
| Balances due to brokers | - | - | (3,788,426) | (3,788,426) |
| Accounts payable and accruals | - | - | (2,817,513) | (2,817,513) |
| Total liabilities | (60,000,000) | - | (6,605,939) | (66,605,939) |
| Net interest sensitivity gap | (27,208,367) | - | N/A | N/A |
| | | | | |
| | Up to 1 year | 1 - 5 years | Non-interest bearing | Total |
| | US\$ | US\$ | US\$ | US\$ |
| 31 December 2017 | | | | |
| Assets | | | | |
| Other receivables | - | - | 1,134,004 | 1,134,004 |
| Cash and cash equivalents | 32,443,551 | - | - | 32,443,551 |
| Total assets | 32,443,551 | - | 1,134,004 | 33,577,555 |
| Liabilities | | | | |
| Borrowings | (80,000,000) | - | - | (80,000,000) |
| Accounts payable and accruals | - | - | (2,961,669) | (2,961,669) |
| Total liabilities | (80,000,000) | - | (2,961,669) | (82,961,669) |
| Net interest sensitivity gap | (47,556,449) | - | 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\$272,084 (31 December 2017: US\$475,564). 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.

Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

16. 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 2018 | US\$ | US\$ | US\$ | US\$ |
| Assets | | | | |
| Other receivables | - | - | 621,972 | 621,972 |
| Balances due from brokers | - | - | 683,779 | 683,779 |
| Cash and cash equivalents | 19,208,229 | - | - | 19,208,229 |
| Total assets | 19,208,229 | - | 1,305,751 | 20,513,980 |
| Liabilities | | | | |
| Balances due to brokers | - | - | (9,786,288) | (9,786,288) |
| Total liabilities | - | - | (9,786,288) | (9,786,288) |
| Net interest sensitivity gap | 19,208,229 | - | N/A | N/A |

| | Up to 1 year | 1 - 5 years | Non-interest bearing | Total |
|-------------------------------------|-------------------|-------------|----------------------|-------------------|
| 31 December 2017 | US\$ | US\$ | US\$ | US\$ |
| Assets | | | | |
| Other receivables | - | - | 741,163 | 741,163 |
| Balances due from brokers | - | - | 5,089,127 | 5,089,127 |
| Cash and cash equivalents | 31,559,842 | - | - | 31,559,842 |
| Total assets | 31,559,842 | - | 5,830,290 | 37,390,132 |
| Liabilities | | | | |
| Balances due to brokers | - | - | - | - |
| Total liabilities | - | - | - | - |
| Net interest sensitivity gap | 31,559,842 | - | 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\$192,082 (31 December 2017: US\$315,598). 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.

Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

16. Financial Risk Management and Uncertainty (Continued)

The table below summarises the exposure of the Company to currency risks as at 31 December 2018 and 2017. Included in the table are the assets and liabilities categorised by their base currency.

| | Denominated in VND |
|---|---------------------------|
| 31 December 2018 | US\$ |
| Assets | |
| Financial assets at fair value through profit or loss | 613,929,733 |
| Other receivables | 568,429 |
| Balances due from brokers | 516,059 |
| Cash and cash equivalents | 12,174,343 |
| Total assets | 627,188,564 |
| Liabilities | |
| Balances due to brokers | 3,788,426 |
| Total liabilities | 3,788,426 |
| Net currency position | 623,400,138 |
| | Denominated in VND |
| 31 December 2017 | US\$ |
| Assets | |
| Financial assets at fair value through profit or loss | 547,011,237 |
| Other receivables | 1,134,004 |
| Cash and cash equivalents | 8,714,364 |
| Total assets | 556,859,605 |
| Liabilities | |
| | - |
| Net currency position | 556,859,605 |

At 31 December 2018, had the US\$ strengthened or weakened by 2% (31 December 2017: 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 2017.

| | Denominated in VND |
|------|--------------------|
| | US\$ |
| 2018 | 12,223,532 |
| 2017 | 5,513,461 |

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.

Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

16. Financial Risk Management and Uncertainty (Continued)

The table below summarises the exposure of the subsidiaries to currency risks as at 31 December 2018 and 2017. Included in the table are the assets and liabilities categorised by their base currency.

| | Denominated in VND |
|---|--------------------|
| 31 December 2018 | US\$ |
| Assets | |
| Financial assets at fair value through profit or loss | 848,094,361 |
| Other receivables | 621,972 |
| Balances due from brokers | 683,779 |
| Cash and cash equivalents | 19,208,045 |
| Total assets | 868,608,157 |
| Liabilities | |
| Balances due to brokers | 9,786,288 |
| Total liabilities | 9,786,288 |
| Net currency position | 858,821,869 |

| | Denominated in VND |
|---|----------------------|
| 31 December 2017 | US\$ |
| Assets | |
| Financial assets at fair value through profit or loss | 1,018,259,850 |
| Other receivables | 741,163 |
| Balances due from brokers | 5,089,127 |
| Cash and cash equivalents | 26,559,658 |
| Total assets | 1,050,649,798 |
| Liabilities | |
| | - |
| Net currency position | 1,050,649,798 |

At 31 December 2018, had the US\$ strengthened or weakened by 2% (31 December 2017: 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 2017.

| | Denominated in VND |
|------|--------------------|
| | US\$ |
| 2018 | 16,839,644 |
| 2017 | 10,402,473 |

Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

16. 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 and debt securities. The net asset value of the subsidiaries is used for the measurement of fair value. The fair value of the Company's underlying investments, however is measured in accordance with the valuation methodology which is in consistent with that for directly held investments.

(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 2018 | Level 1 | Level 2 | Level 3 | Total |
|---|--------------------|-------------------|----------------------|----------------------|
| | US\$ | US\$ | US\$ | US\$ |
| Financial assets at fair value through profit or loss | | | | |
| • Listed investments | 603,385,614 | - | - | 603,385,614 |
| • Unlisted investments | - | 4,063,376 | 6,480,743 | 10,544,119 |
| • Investments in subsidiaries | - | - | 858,822,053 | 858,822,053 |
| | 603,385,614 | 4,063,376 | 865,302,796 | 1,472,751,786 |
| As at 31 December 2017 | Level 1 | Level 2 | Level 3 | Total |
| | US\$ | US\$ | US\$ | US\$ |
| Financial assets at fair value through profit or loss | | | | |
| • Listed investments | 496,641,848 | - | - | 496,641,848 |
| • Unlisted investments | - | 50,369,389 | - | 50,369,389 |
| • Investments in subsidiaries | - | - | 1,055,649,982 | 1,055,649,982 |
| | 496,641,848 | 50,369,389 | 1,055,649,982 | 1,602,661,219 |

Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

16. Financial Risk Management and Uncertainty (Continued)

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

| | Level 1 | | Level 2 | | Level 3 | |
|---|---------------|--------------|--------------|-------------|---------------|---------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| Opening balance | 496,641,848 | 319,063,843 | 50,369,389 | 10,079,487 | 1,055,649,982 | 666,616,014 |
| Transfer from level 2 to level 1 | 46,463,084 | 2,073,027 | (46,463,084) | (2,073,027) | - | - |
| Purchases | 356,778,251 | 74,601,123 | 4,711,685 | 40,058,592 | 6,437,078 | - |
| Sales | (160,253,233) | (68,256,616) | - | - | - | - |
| Net cash from subsidiaries | - | - | - | - | (177,572,707) | (23,722,850) |
| Unrealised (losses)/gains recognised in profit or loss | (136,244,336) | 169,160,471 | (4,554,614) | 2,304,337 | (19,211,557) | 412,756,818 |
| Closing balance | 603,385,614 | 496,641,848 | 4,063,376 | 50,369,389 | 865,302,796 | 1,055,649,982 |
| Total unrealised (losses)/gains for the year included in net changes in fair value of financial assets at fair value through profit or loss | (136,166,650) | 169,160,471 | (4,554,614) | 2,304,337 | (19,211,557) | 412,756,818 |

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 2018 | Level 1 | Level 2 | Level 3 | Total |
|---|-------------|-------------|---------|---------------|
| | US\$ | US\$ | US\$ | US\$ |
| Financial assets at fair value through profit or loss | | | | |
| • Listed investments | 793,117,240 | 52,317,642 | - | 845,434,882 |
| • Unlisted investments | - | 2,659,479 | - | 2,659,479 |
| | 793,117,240 | 54,977,121 | - | 848,094,361 |
| As at 31 December 2017 | Level 1 | Level 2 | Level 3 | Total |
| | US\$ | US\$ | US\$ | US\$ |
| Financial assets at fair value through profit or loss | | | | |
| • Listed investments | 899,063,899 | 52,317,641 | - | 951,381,540 |
| • Unlisted investments | - | 66,878,310 | - | 66,878,310 |
| | 899,063,899 | 119,195,951 | - | 1,018,259,850 |

Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

16. Financial Risk Management and Uncertainty (Continued)

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

| | Level 1 | | Level 2 | | Level 3 | |
|--|---------------|---------------|--------------|--------------|---------|-------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| Opening balance | 899,063,899 | 601,886,978 | 119,195,951 | 57,006,611 | - | 3,796,608 |
| Transfer from level 2 to level 1 | 55,747,626 | 10,883,392 | (55,747,626) | (10,883,392) | - | - |
| Transfer from level 3 to level 1 | - | 3,337,041 | - | - | - | (3,337,041) |
| Purchases | 235,899,686 | 218,581,068 | 3,083,797 | 29,368,185 | - | - |
| Sales | (219,735,098) | (128,475,635) | (1,331,290) | - | - | - |
| Unrealised (losses)/gains | (177,858,873) | 192,851,055 | (10,223,711) | 43,704,547 | - | (459,567) |
| Closing balance | 793,117,240 | 899,063,899 | 54,977,121 | 119,195,951 | - | - |
| Total unrealised (losses)/gains included in net changes in fair value of financial assets at fair value through profit or loss | (177,858,873) | 192,851,055 | (10,223,711) | 43,704,547 | - | (459,567) |

(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 2018 | US\$ | US\$ | US\$ |
| Assets | | | |
| Financial assets at fair value through profit or loss | 1,472,751,786 | - | 1,472,751,786 |
| Balances due from brokers | - | 568,429 | 568,429 |
| Other receivables | - | 516,059 | 516,059 |
| Cash and cash equivalents | - | 32,791,633 | 32,791,633 |
| Total assets | 1,472,751,786 | 33,876,121 | 1,506,627,907 |
| Liabilities | | | |
| Borrowings | - | 60,000,000 | 60,000,000 |
| Balances due to brokers | - | 3,788,426 | 3,788,426 |
| Accounts payable and accruals | - | 2,817,513 | 2,817,513 |
| Total liabilities | - | 66,605,939 | 66,605,939 |

Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

16. Financial Risk Management and Uncertainty (Continued)

| | Designated at fair value | Amortised cost | Total carrying amount |
|---|-----------------------------|-------------------|--------------------------|
| 31 December 2017 | US\$ | US\$ | US\$ |
| Assets | | | |
| Financial assets at fair value through profit or loss | 1,602,661,219 | - | 1,602,661,219 |
| Other receivables | - | 1,134,004 | 1,134,004 |
| Cash and cash equivalents | - | 32,443,551 | 32,443,551 |
| Total assets | 1,602,661,219 | 33,577,555 | 1,636,238,774 |
| Liabilities | | | |
| Borrowings | - | 80,000,000 | 80,000,000 |
| Accounts payable and accruals | - | 2,961,669 | 2,961,669 |
| Total liabilities | - | 82,961,669 | 82,961,669 |

(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.

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 on Vietnam. In accordance with the prevailing tax regulations in Vietnam, if an entity was treated as having a permanent establishment, or as otherwise being engaged in a trade or business in Vietnam, income attributable to or effectively connected with such permanent establishment or trade or business may be subject to tax in Vietnam. As at the date of this report the following information is uncertain:

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

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

17. Subsequent Events

There is no significant subsequent event of the Company up to the date of this report.

18. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the Board of Directors on 8 April 2019.

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