

Vietnam Enterprise Investments Limited



ANNUAL REPORT 2022

DRAGON CAPITAL



Contents

1. Chair’s Statement	1
2. Company Overview and Strategy	3
3. Portfolio Manager’s Report	5
4. ESG and Climate Change Report	13
5. Corporate Governance Statement	26
6. Report of the Audit and Risk Committee	46
7. Board of Directors	50
8. Annual General Meeting	52
9. Report of the Board of Directors	53
10. Independent Auditors’ Report	56
11. Statement of Financial Position	60
12. Statement of Comprehensive Income	61
13. Statement of Changes in Equity	62
14. Statement of Cash Flows	63
15. Notes to the Financial Statements	64
16. Corporate Information	93
17. Investor Information	94
18. Glossary	95

1. Chair's Statement

Dear Shareholders,

We are pleased to report the performance of Vietnam Enterprise Investments Limited ("VEIL" or the "Company") for the year ended 31 December 2022.

The Investment Environment

The economy in Vietnam rebounded impressively from 2021, with GDP growth of 8.0% in 2022, the fastest annual growth rate in the last ten years, despite the challenging global financial markets due to rising inflation, the Global Central Banks's aggressive rate hikes and the Russia-Ukraine war.

With a population of around 100 million people, Vietnam's GDP per capita hit US\$4,110, an increase of 10.8% year-on-year ("YoY") to officially enter the upper middle-income group.

The macro environment was largely unchanged, benefitting mostly from Government price stabilisation, the State Bank of Vietnam's monetary policies, and a stronger-than-expected external position thanks to US\$22.4 billion of disbursed FDI, an increase of 13.5% YoY, driven by an increasing proportion of tech players, for example, Apple, Samsung, and others, which helped Vietnam to transform from low value production to the electronic clusters.

The trade balance remained positive at US\$11.2 billion vs. US\$4.0 billion in 2021. Inflation remained under control at 3.2%, and the currency depreciated by just 3.5% against the US\$ in 2022.

With a credit growth increase of 14.5% and the credit-to GDP ratio cooling, we expect there to be less uncertainty in the financial markets in 2023, as investor sentiment continues to improve.

Despite this solid macro-economic data, the Vietnamese stock market had a disappointing year, with the Vietnam Index ("VN Index") down 34.1% in 2022 in US\$ and 26.2% in GBP.

The downtrend followed with the general decline of global benchmarks due to the macro headwinds that were evident across global equity markets throughout the year.

Coupled with the domestic factors of credit restraints and regulatory tightening causing nervousness in the retail market, made for a tough year.

Stock market underperformance and a derating in valuations notwithstanding, the market will still need to overcome the liquidity constraints as a result of bond market movements in recent months in order to regain its losses over the medium-term.

Recognising that the liquidity issue is a major concern for both investors and businesses, the Government has proactively made changes to the Decree 65 on regulating private placements and trading of privately placed corporate bonds which may result in a potential relaxation of requirements for both bond investors and issuers alike with effect from 5 March 2023.

Market liquidity has also declined, averaging US\$737.4 million in daily turnover compared with US\$948.4 million in 2021.

However, in terms of valuation, Vietnam looks attractive at a PER of 9.8x, a 38.4% discount to the five-year average PER of 15.9x with 2023 earnings growth forecast at 6.2%.

Additionally, compared with regional valuations, Vietnam remains attractive relative to peers, such as Thailand, the Philippines or Malaysia.

Foreign investors turned into strong net buyers of US\$1.4 billion in 2022 from November since the market dropped in late April 2022 driven by attractive valuations, as well as a shift in direction from the US market to emerging markets after the US dollar softened in late 2022.

Performance

In terms of the Company's own performance, given the large decline in the stock market, VEIL's Net Asset Value ("NAV") decreased by 35.7% in US\$ and 27.5% in GBP. The discount started the year at 13.7% and ended the year at 10.7%.

A key underperforming allocation of the Company during the first half of the year was the allocation to residential property stocks such as Dat Xanh Group (DXG) and Khang Dien House (KDH) that were negatively impacted by concerns on the property market given the high interest rate environment and credit restraints.

The Company aggressively reduced its position in residential property players in the second half of 2022 and remained underweight in this sector at the year end. However, on a three-year rolling basis, VEIL has outperformed the VN Index by 7.6%.

1. Chair's Statement (Continued)

The Company's strategy continues to focus on three investment themes: the increase in size of the new middle-class, robust domestic consumption, and infrastructure development.

These are the key growth drivers for Vietnam's macro development.

Accordingly, VEIL was overweight on three sectors in 2022 – Banks, Retail and Industrial Parks – via key portfolio holdings, including: Vietnam Prosperity Bank (VPB) and Asia Commercial Bank (ACB), which are high performing banks, Mobile World Group (MWG), the biggest player in retail industry and in our view, a strong beneficiary of Vietnam's rising middle-income class spending, FPT Corporation (FPT), the leading technology, software and services company in the country, and Becamex IDC (BCM), the biggest industrial park developer with more than ten industrial parks along the country, which benefits from strong FDI inflows into Vietnam.

Share Buybacks

In 2022, US\$61.1 million was spent repurchasing 6,808,169 shares (2019-2021: 6,046,031 shares) which represents 3.26% of the weighted average of outstanding shares. The average discount at which shares were bought back was 19 % and this resulted in a 0.78% accretion to NAV per share in 2022.

We continue to actively monitor our share price and discount to NAV and remain committed to executing buybacks when deemed appropriate to generate accretive value for shareholders.

Environmental, Social and Governance

VEIL continues to expand its environmental, social and governance ("ESG") and climate change programme and team workforce.

We remain committed to fully-integrating ESG considerations into all aspects of the Company's investment activity, building the function for ESG scoring for the portfolio, reporting on climate change risk and VEIL is a pioneer in Vietnam in this respect.

ESG goes beyond social responsibility, it also provides a perspective on risk mitigation and value creation.

As a long-term investor committed to sustainability, all investments made by VEIL are subject to a rigorous ESG screening process adopted by Dragon Capital group (the "Group").

The Group created its own proprietary ESG management system, with the assistance of the International Finance Corporation (IFC) to ensure that the Company adheres to best-in-class practices.

These policies and procedures are applied to VEIL's entire investment universe.

Outlook

Looking forward, Vietnamese Government shows strong determination to achieve its GDP growth target of 6.5% for 2023 and control inflation within a range of 4.5-5.0%.

However, approximately US\$13 billion of corporate bonds will mature in 2023, the majority in the second half of 2023, meaning default risk is still a concern in a high-rate environment.

It is important to note that aggregate earnings figures are heavily weighted towards sectors such as real estate, which have been heavily sold and are underperforming due to the high interest rate environment and sector-wide liquidity constraints.


Beyond the short-term volatility, we believe accumulating high-quality stocks is a fundamental focus for medium- to long-term performance as the market volatility subsides and provides interesting stock picking opportunities.

This means selecting stocks in a disciplined manner with strong balance sheets, solid fundamentals, and excellent corporate governance, which remains at the core of our strategy.

These companies are best positioned to be able to demonstrate resilience against global and domestic challenges, mitigating downside risk and leading to favourable EPS growth in 2023.

In that context, I am confident in the Company's ability to continue to identify the best companies with solid management, profitability and long-term business growth.

Thank you for your continued support.



Gordon Lawson
Chair
Vietnam Enterprise Investments Limited
25 April 2023

2. Company Overview and Strategy

Investment Objective

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

Benchmark

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

Business Model

VEIL was incorporated in the Cayman Islands on 20 April 1995 under the Companies Law (Revised), Cap. 22, of the Cayman Islands as an exempted company with limited liability and is a closed-end investment fund.

VEIL is the longest running fund focused on Vietnam and the largest which invests primarily in listed and pre-IPO companies in Vietnam that offers attractive growth and value metrics, good corporate governance, and alignment with Vietnam's underlying growth drivers.

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

On 18 July 2017, VEIL was included in the FTSE 250 Index.

Investment Policy

Asset Allocation

VEIL seeks to achieve its investment objective by investing in companies primarily operating in, or with significant exposure to Vietnam.

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

VEIL expects that the majority of the investments comprising the portfolio will be equity securities admitted to trading on the Ho Chi Minh Stock Exchange, the Hanoi Stock Exchange, the Unlisted Public Company Market ("UPCoM") or on other stock exchanges.

VEIL may, nonetheless, invest in unlisted equity securities and listed or unlisted debt securities or loan instruments.

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

VEIL may seek exposure to securities directly or indirectly and VEIL may use derivatives for investment purposes and efficient portfolio management.

VEIL may invest in investment companies that have, as their main objective, a focus on investing in securities falling within VEIL's investment policy.

Investments in other investment companies will not exceed 10% of NAV at the time of investment.

VEIL does not intend to take legal or management control of any investee company.

VEIL may also hold cash or other short-term investments such as commercial papers or certificates of deposit.

Under normal market conditions, it is expected that VEIL will be substantially fully invested in investments meeting its investment policy.

However, where considered prudent to do so (for example, in the event of a lack of suitable investment opportunities or in times of falling markets or market volatility), VEIL's portfolio may reflect a significant weighting to cash or other short-term investments.

Investment Restrictions

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

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

2. Company Overview and Strategy (Continued)

Borrowing

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

VEIL may borrow for the purposes of capital flexibility, including for investment purposes.

The Board will oversee the level of gearing in VEIL, and will review the position with the Investment Manager on a regular basis.

Changes to Investment Policy

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

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

Key Performance Indicators

At each Board meeting, the Directors consider a number of performance measures to assess VEIL's success in achieving its objectives.

The key performance indicators (KPI) are established industry measures, and are as follows:

NAV and Share Price

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

Performance for one, three and five years are also provided in the Portfolio Manager's Report for reference purposes.

Performance Against Reference

Performance is measured against the VN Index, on a three-year rolling basis.

The Board also considers peer group comparative performance over a range of time periods, taking into consideration the different investment policies and objectives of those companies.

Discount/Premium to NAV

The discount/premium relative to the NAV represented by the share price is closely monitored by the Board.

The objective is to avoid large fluctuations in the discount relative to similar single country investment companies investing in Asia (ex-Japan) by the use of share buybacks subject to market conditions.

A graph showing the share price discount/premium relative to the NAV is also shown in the Portfolio Manager's Report on pages 5 to 12.

Board Composition

The Board supports the principle of boardroom diversity.

The selection policy of the Board is to appoint the best qualified person for the job, by considering factors such as diversity of thought, experience and qualifications for the effective conduct of VEIL's business.

New appointments are identified against the requirements of VEIL's business and the need to have a balanced Board.

As at 31 December 2022, the Board consisted of five Independent Non-Executive Directors and one Non-Independent Non-Executive Director.

During the reporting period, Sarah Arkle, Independent Non-executive Director, was appointed on 5 January 2022.

Detailed information on the Board's independence, composition and diversity is provided under the Corporate Governance Statement on page 31.

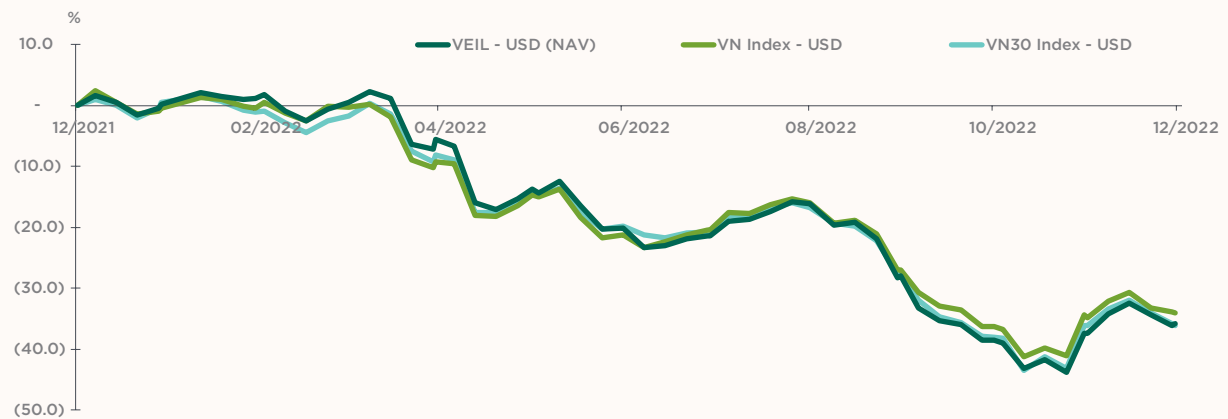
3. Portfolio Manager’s Report

Performance Overview

A combination of factors both globally and domestically resulted in Vietnam’s equity market delivering one of the worst global performances during 2022. The Vietnam Index (“VN Index”), the reference index of Vietnam Enterprise Investments Limited (“VEIL”), dropped 34.1%, total return in USD term, whilst VEIL fell 35.7% during the year. For both Vietnam and VEIL, the magnitude of the drop in 2022 was the biggest since the global financial crisis in 2008. Beyond the external factors that affected the rest of the world, such as the geopolitical conflict in Ukraine, aggressive interest rate rises from the FED and the zero-COVID strategy in China, Vietnam also grappled with its own domestic issues. A crackdown on the bond market,

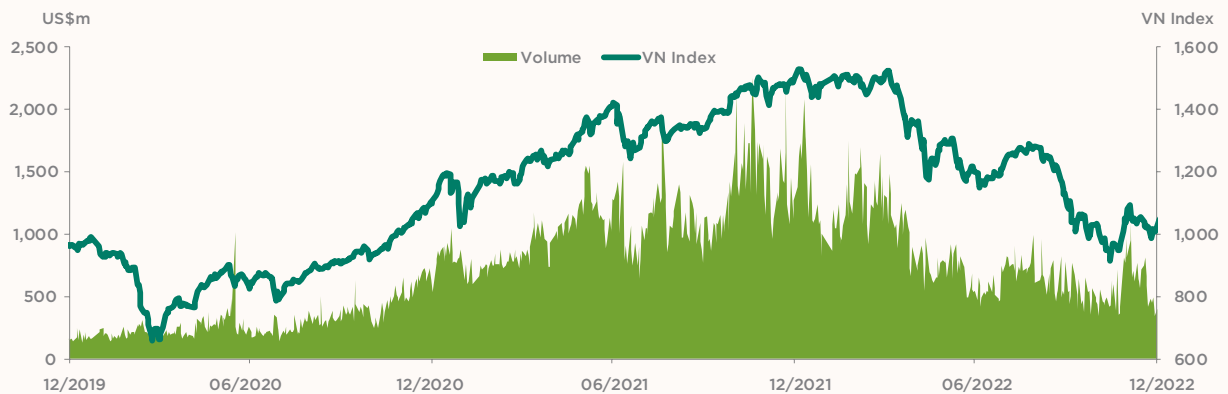
coupled with concerns in the property sector, triggered a severe liquidity drought in the economy in the second half of 2022, that soured sentiment for investors. As a result of this macro backdrop the Real Estate & Construction and Materials & Resources sectors in particular were significantly impacted. The Banking sector also experienced considerable impact from the macro factors at play although performance was polarised between two groups: State-owned commercial banks (“SOCB”s) and private banks. On the other hand, non-cyclical and more consumer-centric sectors such as Retail, Food & Beverage, and Software & Services sectors generally all held up remarkably well in what was clearly a difficult year for the market.

One Year Performance (% in US\$ terms)



Source: Dragon Capital, Bloomberg

VN Index Information (Rolling 3-year)



Source: Dragon Capital, Bloomberg

3. Portfolio Manager's Report (Continued)

Attribution Analysis

Real Estate & Construction and Materials & Resources Sectors

Real Estate, especially Residential Real Estate, was by far the most impacted amongst the major sectors last year, dropping 45.6% year-on-year (“YoY”), well under the VN Index. There were a number of big-name casualties from Novaland, the second biggest listed property company, to household names ranging from mid-size such as Phat Dat Real Estate, to smaller-sized such as DIC Group or FLC Group, all of which experienced share price falls greater than 80% during the year. Fortunately, none of these equities were held by VEIL during the period. For VEIL’s investee companies, even Vinhomes (“VHM”), the largest listed property company in Vietnam, and Khang Dien House (“KDH”), despite both being fundamentally strong and financially healthy companies, still fell as much as 41.8% and 44.2% respectively, and underperformed the VN Index. On the other hand, VEIL’s holding in Becamex IDC (“BCM”), one of the biggest industrial park developers in Vietnam, fared much better than its residential counterparts, rising 22.6% and representing one of the strongest share price performances in the property sector.

Despite arguably the worst market conditions for the property sector in the last decade, VHM was still able to, for the third year running, deliver net profit after minority interest (“NPAT-MI”) of more than US\$1 billion, the second highest profit number in a listed company. Nevertheless, VHM’s figure of US\$1.2 billion NPAT-MI achieved in 2022 was still down 26% YoY and just above 2020’s profit level. Financially, VHM’s balance sheet and liquidity were in a much better position than many of its peers with a total debt to equity ratio of just 0.2x and a net debt to equity ratio of just 0.1x. VHM was one of the few developers that saw strong growth in outstanding pre-sales, which, in this environment, is an indication of the company’s ability to bring new supply to the market, hitting US\$4.6 billion (up 105% YoY). By the end of 2022, VHM’s shares were trading at an undemanding 1.4x price-to-book ratio (“PBR”) and 7.3x price-to-EPS ratio (“PER”), an all-time low valuation range for the company. Whilst VEIL envisioned that the issues facing the property market now may take some time to resolve, the long-term development trends of the country are well placed to continue, with an urbanisation ratio, estimated to be around 40%. VHM, as the largest and one of the most efficient developers today is well positioned to be at the forefront of that growth.

Investment Portfolio – Ten Largest Investments (as of 31 December 2022)

Company	Ticker	Sector	Market value US\$	NAV %	Total return %	Initial acquisition
Vietnam Prosperity Bank	VPB	Banking	209,265,370	12.9	(27.6)	1 December 1995
Asia Commercial Bank	ACB	Banking	195,737,121	12.1	(23.4)	1 December 1996
Mobile World Group	MWG	Retail	129,465,431	8.0	(38.6)	3 October 2014
Hoa Phat Group	HPG	Material & Resources	101,544,433	6.3	(50.5)	18 June 2009
Vietcombank	VCB	Banking	93,717,138	5.8	(1.9)	7 February 2012
FPT Corporation	FPT	Software Services	76,411,937	4.7	(2.1)	3 July 2008
PVGas	GAS	Energy	72,156,059	4.4	4.7	23 November 2010
Becamex IDC	BCM	Software Services	70,428,160	4.3	22.6	7 December 2017
Vinhomes	VHM	Real Estate and Construction	68,975,548	4.3	(41.8)	18 May 2018
Phu Nhuan Jewelry	PNJ	Consumer Durables	57,515,042	3.5	22.6	9 March 2010
Total 10 investments			1,075,216,238			

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

3. Portfolio Manager's Report (Continued)

KDH, a highly reputable developer that has been well-known for its conservative approach to business strategy, also did not escape a tough 2022. The company reported a drop of 8.3% YoY in NPAT-MI, the first time the company reported negative earnings growth in the last ten years. Similar to VHM, KDH's financials are well-managed with net debt to equity of just 0.3x. Meanwhile, despite a muted outlook to 2023, KDH is well-prepared to continue with the launch of two new projects this year, Privia and Clarita, which will serve to support profits during 2024 and 2025. Looking further ahead, good progress has been made with the company's mega project in Binh Tan district for a potential launch in two years' time. With its proven track record and strong financial structure, in VEIL's opinion KDH is one of the best positioned companies in the property sector, at a time where uncertainty remains a significant factor.

Whilst classified under Real Estate & Construction sector, the drivers for the industrial park sector are quite different to that of the residential sector. Demand for industrial land banks remained robust in 2022 with total FDI disbursement reaching an all-time high of US\$22 billion. BCM delivered a crisis-defying NPAT-MI growth of 20.0%, driven by strong leasing revenue from existing projects at Cay Truong and the recently expanded Bau Bang industrial park. The greatly anticipated joint venture with Capitaland announced in late 2021 to co-

develop 18.9 hectares in Binh Duong New City project, worth over US\$240 million is still on-going as the company continues to work on the legal process to structure the important deal. This transaction should be an important catalyst for BCM's share price in the future.

After two years of exceptional growth, 2022 saw a substantial drop in share price for the Materials sector following the dramatic decline in new developments in the property sector in late 2022. VEIL's sole exposure to the sector is Hoa Phat Group ("HPG"), Vietnam's largest domestic steel company, which also had a disappointing year with NPAT-MI dropping 75.4% YoY, the biggest annual drop in earnings since the company's listing in 2007. Whilst the first half of the year was challenging, HPG was still able to generate US\$520 million in NPAT-MI. The eventful second half of the year, however, triggered the company to record losses in both quarters in the second half of the year, totaling US\$160 million. By the end of 2022, HPG was trading at just 1.1x PBR, the lower end of its 5-year PBR range. Similar to the property sector, the outlook for the materials sector in general and the steel sector in particular is likely to remain subdued in the short term. Nevertheless, given the ongoing structural trends in urbanization mentioned earlier, the growth story for both sectors remain bright over the longer-term.

Ten Year Record

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total net assets (US\$m)	473.78	512.94	792.65	974.80	1,553.28	1,440.02	1,474.62	1,799.69	2,606.98	1,622.58
Total net assets (GBPm)	n/a	n/a	n/a	788.91	1,148.24	1,130.67	1,113.13	1,316.57	1,924.75	1,348.89
NAV per share (US\$)	3.07	3.40	3.59	4.41	7.06	6.56	6.76	8.30	12.21	7.85
NAV per share (GBP)	n/a	n/a	n/a	3.57	5.22	5.15	5.10	6.07	9.01	6.53
Share price (US\$)	2.47	2.82	2.99	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Share price (GBP)	n/a	n/a	n/a	2.96	4.42	4.57	4.745	5.45	7.65	5.83
Earnings per share (US\$)	0.64	0.32	0.15	0.82	2.64	(0.50)	0.20	1.52	3.90	(4.42)
Discount to NAV (%)	(19.54)	(17.06)	(16.71)	(17.09)	(15.27)	(11.26)	(6.96)	(10.21)	(15.09)	(10.65)

Source: Dragon Capital

3. Portfolio Manager's Report (Continued)

Banking Sector

The banking sector had a mixed year with varied performances among the constituents within the sector. The highly volatile nature of the market in 2022 meant larger names were favoured over smaller alternatives due to a perception of greater stability. Specifically, SOCBs such as Vietcombank (“VCB”) and BIDV (“BID”) both delivered strong share price performances with VCB dropping only 1.9% and BID up 0.5%. On the other hand, private banks, especially those with a high exposure to the corporate bond and property sector, were de-rated heavily. Within VEIL’s banking investments, beside VCB, the top two private-bank holdings Asia Commercial Bank (“ACB”) and VPBank (“VPB”), both outperformed the sector and the reference index VN Index, although still experienced share price falls of 23.4% and 27.6%, respectively.

For ACB, a consumer-centric bank, 2022 was

a good year with NPAT-MI growth of 42.5% YoY, achieved by a strong increase in both net interest income (“NII”) of 24.2% and net fee income (NFI) of 21.8%. The bank’s net interest margin (NIM) improved to 4.35% in 2022 from 4.13% in 2021, on the back of further expansion in retail lending from 63.5% to 65.7%. The other strong driver of profit growth was the fall in provisioning expenses by 97.9% YoY, thanks to the reversal of the special COVID-provisioning and a testament to the bank’s conservative approach and strong asset quality. At the same time, non-performing loans (“NPL”) were stable at only 0.74%, one of the lowest figures in the sector. As at the end of 2022, ACB was trading at just 1.3x PBR, whilst this is a premium to most of the private bank peers, the valuation remains towards the lower end of the bank’s 5-year PBR range. For VEIL, the current valuation presents an attractive prospect for long-term investment in a bank that is highly regarded for the strength of its asset quality and is well-positioned to weather the current storm.

VPB had a more challenging year in 2022 as

Major Sector Return and Contribution (as of 31 December 2022)

Sector	Portfolio return	VN Index return	Portfolio contribution
	%	%	%
Consumer Durables	23.1	(24.7)	0.5
Software & Services	1.6	(1.9)	(0.0)
Food & Beverage	7.3	(10.3)	(0.1)
Transportation	(14.3)	(23.0)	(0.1)
Energy	1.1	(9.9)	(0.5)
Capital Goods	(69.8)	(58.2)	(1.7)
Diversified Financials	(53.2)	(52.2)	(2.8)
Retail	(37.9)	(36.1)	(4.9)
Materials & Resources	(48.3)	(46.1)	(5.2)

Source: Dragon Capital, Bloomberg

Asset Allocation by Asset Class¹

	31 December 2022	31 December 2021
	%	%
Equities	99.3	99.4
Cash ²	0.7	0.6
	100.0	100.0

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

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

3. Portfolio Manager's Report (Continued)

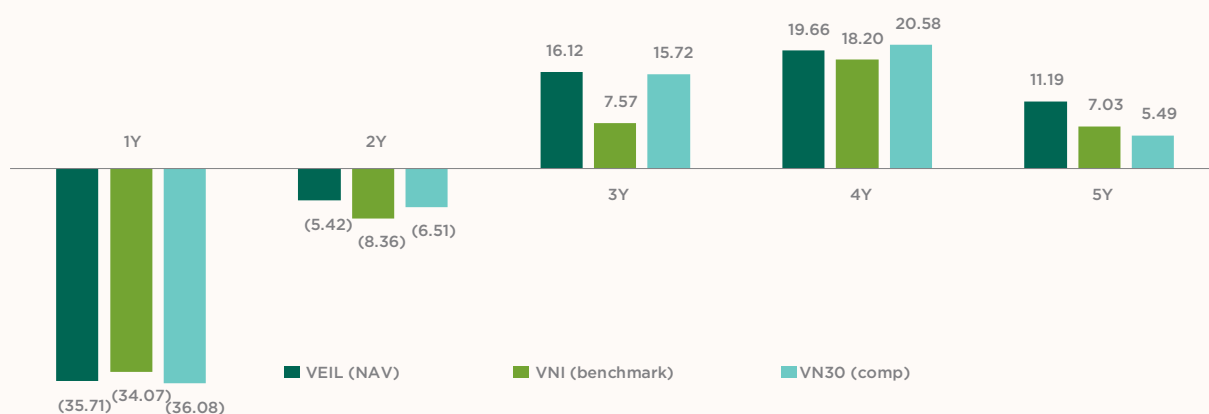
tough economic conditions impacted both its parent bank, and in particular its consumer finance arm, FE Credit ("FEC"). On the whole, 2022 NPAT-MI was still up 55.0% YoY thanks to the one-off booking of upfront fees for its new bancassurance* deal with AIA, worth around US\$250 million. Strong credit growth of 29.2% at the parent bank was a highlight for the year which subsequently drove NII up 32.1% on a YoY basis. However, as the tough macro conditions began to bite in the second half of the year, FEC's loan book growth started to fall off and ended the year with an estimated 2.7% contraction. Provisioning expenses on a consolidated basis rose 16.9% YoY as FEC's lending segment was significantly affected by the economic hardship. Looking forward to 2023, one of the big focuses for VPB will undoubtedly be on the strategic placement of a 15% stake in the business to Sumitomo Banking Corporation, a deal that was first mentioned by VPB's chairman at the 2021 AGM. The completion of this placement will propel VPB to become one of the biggest banks in Vietnam by charter capital, placing VPB at the forefront of

the top-tier banks that can compete on a similar level with the group of SOCBs.

VCB, VEIL's top pick in the SOCBs, sailed through 2022 with flying colours. The bank posted US\$1.3 billion in NPAT-MI, up 36.4% YoY, for 2022. This was the first time VCB, or any bank in Vietnam, had recorded a net profit of more than US\$1 billion. In doing so, VCB also eclipsed VHM as the most profitable listed company in Vietnam. Earnings were driven by solid NII growth of 26.0%. Similar to ACB, VCB's cautious approach during the COVID-19 period, and in general, meant that the bank was able to reserve some of its previous years' provisions, leading to a fall of 17.5% YoY in provisioning expenses. Along with ACB, VCB was also well-known for its strong asset quality with a stable NPL ratio below 1% throughout 2022 and ended the year at just 0.68% with an over loan-loss coverage ratio at 317%. At the end of 2022, VCB was trading at 2.8x PBR, twice the valuation of most listed banks in Vietnam, a clear indication of VCB's status as the preferred bank for investors that wish to gain exposure to the banking system in Vietnam.

* Bancassurance is an arrangement between a bank and an insurance company allowing the insurance company to sell its products to the bank's client base. This partnership arrangement can be profitable for both companies.

Cumulative Performance (% in US\$ terms)



Source: Dragon Capital, Bloomberg

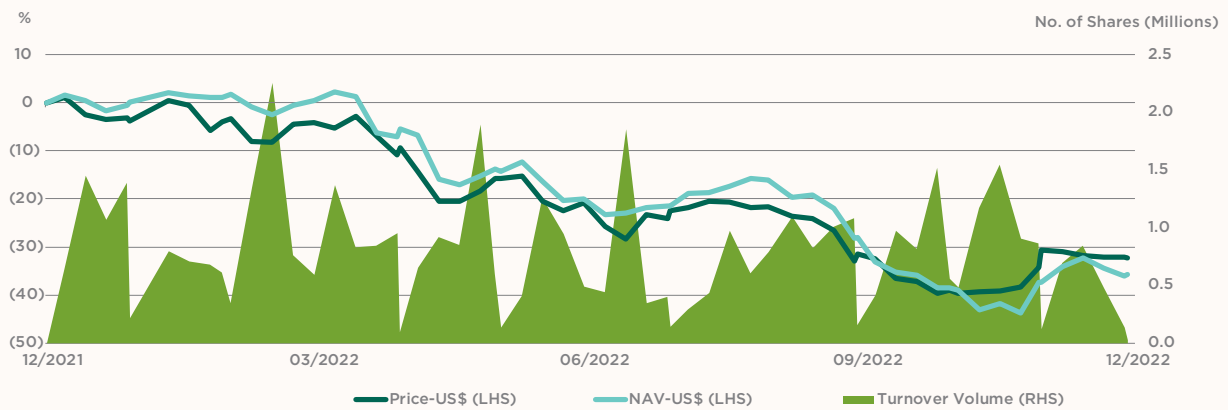
3. Portfolio Manager’s Report (Continued)

Retail, Food & Beverage and Other Sectors

VEIL’s investments in the Retail sector were represented by Mobile World Group (“MWG”) and Phu Nhuan Jewelry (“PNJ”). The sector enjoyed robust performance for much of 2022, although by the end of the year, only PNJ’s star remained undimmed. MWG, the biggest retailer in Vietnam of mobile phones, consumer electronics and groceries, held up well against general market volatility until mid-September, before falling in the fourth quarter of 2022 to end the year with an overall share price decline of 38.6%. This sharp fall was due to an abrupt drop in demand for consumer electronics products, leading to a 15.4% YoY drop in Net Sales and a 60.4% YoY drop in NPAT-MI in the fourth quarter. On the other hand, 2022 was a strong year for PNJ as the company rebounded

from the significant impact of 2021’s COVID-19 lockdowns. The company posted 73.3% YoY growth in Net Sales and 76.0% YoY growth in NPAT-MI. Both top and bottom-line numbers are well above the pre-COVID level of sales and earnings. Given the liquidity crunch in late 2022, the outlook for the retail sector this year, like the rest of the economy, is expected to be bumpy with slowing demand. Looking further ahead to the longer-term outlook, much of the retail sector, especially in grocery and jewelry, remains highly fragmented, presenting a significant growth opportunity. The attractions of the sector are further compounded by the steady rise in disposable income and the investment case for PNJ and MWG remain compelling for investors who want exposure to Vietnam’s growing middle-class income.

Share Price & NAV



NAV and share price are based on US\$.

Discount/Premium to NAV (%)



Source: Dragon Capital

3. Portfolio Manager's Report (Continued)

Food & Beverage sector returned to the spotlight in a year when investors were looking for value rather than growth. The sector is dominated by Vinamilk ("VNM"), the biggest dairy company in Vietnam, and Sabeco ("SAB") the biggest brewery in Vietnam. Both outperformed the VN Index with SAB's share price rising 14.6% and VNM only falling 5.7% during the year. From a fundamental perspective, 2022 was a difficult year for VNM with net sales and NPAT-MI falling 1.6% and 19.2%, respectively. The company will likely see some relief in falling input prices which should provide a better cushion for 2023's earnings. However, with more than 50% market share in the dairy industry, VNM is now facing increasing competition from up-and-coming dairy producers across all segments. Thus, whilst 2023's outlook could be a return to growth for the company, VEIL believes it could be challenging for VNM to deliver double-digit growth for both top and bottom lines this year. The company is trading at 21x PER at the end of 2022, a relatively expensive valuation for its growth prospects. For SAB, the company recorded exceptional growth in both net sales and NPAT-MI, up 32.6% and 42.1% YoY, respectively. To a significant extent this was a

reflection of the fact that 2022 saw the reopen of restaurants and borders from the COVID-19 lockdowns in 2021 which helped bring SAB's business back to pre-COVID levels. Similar to VNM (0.8% holding), SAB (0.9% holding) is also trading at a premium valuation of 20.8x PER for 2022. Whilst the company does have a stronger growth story, its thin liquidity (average 30-day turnover of US\$2 million) poses a challenge for investors seeking to build a substantial position in the company.

Within non-cyclical sectors, FPT Corporation ("FPT") in the Software & Services sector, was perhaps the most resilient both in term of share price and business performance. FPT's share price was well ahead of the market, up 1.3% in 2022 when it posted top and bottom-line growth of 23.4% and 22.4%, respectively. This growth was underpinned by solid performance across the board in the technology (+23% YoY), telecom (+16% YoY) and education (+53% YoY) segments. The pandemic during 2020-2021 triggered a significant digital transformation requirement in all sectors, and as such, VEIL expects FPT to continue to benefit from this long-term trend over the coming years.

Performance

	31 December 2022	31 December 2021
Total net assets (US\$)	1,622,581,751	2,606,977,922
Total net assets (GBP)	1,348,891,152	1,924,750,049
Number of outstanding shares	206,725,678	213,533,847
NAV per share (US\$)	7.85	12.21
NAV per share (GBP)	6.53	9.010
Share price (GBP)	5.83	7.65
Discount to NAV (%) ¹	10.7%	(15.1)
GBP/US\$ exchange rate	1/0.831324	1/0.738307
Ongoing charges (%) ²	1.90	1.89

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

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

	31 December 2022	31 December 2021
	%	%
NAV returns (US\$)	(37.76)	44.86
NAV returns (GBP)	(29.92)	46.19
Share price returns (GBP)	(23.79)	40.37
VN Index (price return - VND terms)	(32.78)	35.73
VN Index (total return - US\$ terms) ³	(34.07)	39.00

³ Source: Bloomberg

3. Portfolio Manager's Report (Continued)

Outlook

In 2022 during which several significant macro and domestic themes arose simultaneously to result in historically significant share price falls in Vietnam, VEIL is naturally mindful of what opportunities 2023 could produce for investors. Globally, the effects of high inflation and high interest rates will continue for some time. Meanwhile, the world is preparing itself for a long conflict in Ukraine. However, the reopening of China following the country's strict lockdown should have a positive effect on Vietnam in both trade and tourism. Domestically, GDP growth this year is unlikely to be as pronounced as last year. The Government has set a target of 6.5%, down from 8.0% last year, reflecting the slow-down in demand from the high level of interest rates in Vietnam and elsewhere. Inflation was under control in 2022, at just 3.2%, a compelling figure compared with global comparators and should be well-managed again in 2023. After the most aggressive rate hike cycle in recent memory from the Federal Reserve in 2022, the US Dollar is unlikely to be strengthening much further from this point. Thus, the FX rate should also be more stable this year. The Government has, since the close of the year, swiftly worked on various initiatives to address the difficulties in the property and banking sectors. Over time, these initiatives are expected to improve the financial conditions in Vietnam. Barring the reoccurrence of further unexpected macro events, 2023 should be a year of rebuilding for Vietnam.

For 2023, Dragon Capital's Top-80*, which represents 70.1% of the VN Index, is forecast to deliver only 1.8% in EPS growth, even below 2020's COVID-year of 5.6%, although on average the shares are trading at just 8.9x PER on a forward basis. The valuation of the market, as well as most of its constituents, remain at the lower end of its 5-year range, providing an appealing entry point for medium-to-long term investment. Thus, while the short-term outlook for Vietnam remains subdued, the country's structural growth story remaining intact. It is anticipated that 2023 will therefore be an important year for long-term investors, such as VEIL, to position for the next growth phase. VEIL continues to actively screen for these unique opportunities that will not only survive the current period but thrive after it.

Vu Huu Dien
Portfolio Manager
Vietnam Enterprise Investments Limited
25 April 2023

* The Dragon Capital's Top-80 is the 80 biggest companies by market capitalisation listed across three exchanges, adjusted by free float and screened by liquidity and ESG criterias.

Period's High and Low

	Year to 31 December 2022		Year to 31 December 2021	
	High	Low	High	Low
NAV per share (US\$)	12.62	5.79	12.62	8.00
NAV per share (GBP)	9.64	5.60	9.47	5.83
Share price (GBP)	7.91	5.00	7.80	10.48

Source: Dragon Capital, London Stock Exchange

Source of Income (US\$)

	Year to 31 December 2022	Year to 31 December 2021
Interest income	114,291	22,395
Dividend income	9,663,187	7,505,712
Net changes in fair value of financial assets at fair value through profit or loss	(891,697,124)	721,527,436
Gains on disposals of investments	4,865,100	157,569,945
Total	(877,054,546)	886,625,488

Source: Dragon Capital

4. ESG and Climate Change Report

Summary of Key ESG Metrics

As a long-term investor committed to sustainability, Vietnam Enterprise Investments Limited (“VEIL”) has integrated ESG considerations throughout its investment process. VEIL screens and assesses the ESG performance of all investee companies, except for those in the financial sector. Greenhouse gas emissions of the VEIL’s portfolio are presented using the TCFD’s recommended metric of weighted average carbon intensity (“WACI”), in comparison to local benchmarks. Three key environment, social and governance (“ESG”) activities and metrics were summarised and presented in Table 1 below.

Table 1: Summary of ESG Activities and Metrics in 2022

ESG integration throughout the investment process	ESG analysis was conducted for 100% of non-financial investee companies in portfolio
WACI of VEIL’s portfolio	116 ton CO ₂ e/\$M invested 48% lower than Vietnam Index (“VN Index”)
Number of engagements on ESG	17 engagement activities: 8 with research/public institutions and policy makers, and 9 with investee companies

VEIL’s Commitment to Responsible Investment

At VEIL, responsible investment is essential for its stakeholders and the greater good of society. As such, VEIL’s investment strategy emphasises ESG factors in its investment decisions and integrates them throughout its investment process to optimise risk-adjusted performance. VEIL recognises the interconnectedness of climate change, greenhouse gas emissions, and biodiversity loss, and are committed to addressing these global challenges as active, long-term investors. VEIL also encourages its investee companies to improve their sustainability practices and engage with policymakers to promote positive change. Together, VEIL strives to create sustainable value for all stakeholders and contribute to a better future for its communities and the environment.

VEIL’S ESG Journey: From Compliance to Opportunity

Compliance

VEIL has been committed to integrating ESG factors into its investment strategy for over 20 years. The journey which started with a focus on compliance and governance and evolved into a more holistic approach that emphasises risk management and opportunities for development, and improvement. VEIL embarked on its ESG journey more than two decades ago, prioritising compliance to meet regulatory requirements and uphold ethical standards. This included avoiding investments in companies engaged in controversial and unsustainable activities. In 2002, Dragon Capital group (the “Group”)* implemented its first environmental and social management system, which has since been continuously improved and upgraded.

Risk Management:

VEIL recognises that effective management of ESG risks is essential for long-term financial performance. To achieve this, VEIL has shifted its focus to risk management, starting with identifying and assessing ESG risks in potential investments through thorough screening and analysis. VEIL also manages ESG risks continuously through ongoing engagement with investee companies to ensure they meet ESG obligations. VEIL collaborates with an Asian leading service provider on climate technology to enhance its ability to assess financial risks associated with climate change and carbon emissions. VEIL’s proactive approach to ESG risk management allows for continuous improvement and identification of opportunities that align with its values. The Group’s ESG Management System (“ESMS”) is integrated seamlessly into every aspect of its investment process.

Opportunities

VEIL actively encourages its investee companies to adopt sustainable practices through engagement and advocacy, using its influence as an investor to promote positive change. VEIL also seeks potential investment opportunities in companies that demonstrate strong financial results and good ESG ethics, which align with VEIL’s investment objectives. In addition, VEIL engages with external stakeholders, policymakers, and supports the development of innovative financing mechanisms for biodiversity and ecological services, such as biodiversity

* Dragon Capital Group Limited and its subsidiaries and affiliates including investment managers, corporate parents, subsidiaries and funds and SMAs under any such entities’ management.

4. ESG and Climate Change Report (Continued)

credits and carbon markets, to incentivise and encourage companies to invest in conservation efforts while generating financial returns for investors.

Capacity Building

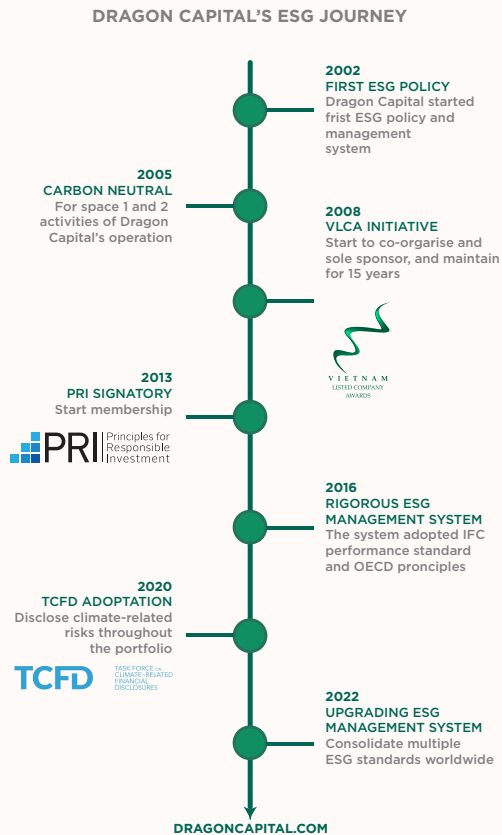
ESG capacity building is critical to VEIL’s success in implementing its ESG strategy which can help VEIL ensure the necessary skills, knowledge, and resources to effectively manage ESG risks and opportunities and generate long-term value for its investors. ESG Core Team members attend training seminars and engage with stakeholders throughout the year to build expertise in ESG analysis and management. VEIL also collaborates with external partners and organisations to stay up to date with the latest ESG standards and regulations, and to drive better corporate ESG disclosure.

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

Expanding the ESG Core Team

The ESG Core Team, composed of senior members from different departments of the Group and supported by the Research division, oversees the ESG integration process. In response to the growing complexity of ESG challenges in the investment industry, the Group has recently expanded its ESG Core Team by hiring dedicated specialists in 2022 and early 2023. The newly hired ESG Manager and Analyst are responsible for enhancing the team’s expertise, identifying significant developments in international ESG standards, and ensuring compliance across all investments made by VEIL.

Figure 1: The Group’s ESG Journey and Milestones



Further Integrating ESMS Into the Investment Process

By integrating the ESMS into the Group’s internal systems from the very beginning, the ESG Core Team can now closely monitor all investments made by VEIL for compliance. The team has gone one step further by digitising the ESMS into the newly-established internal knowledge database, IRIS. This centralised record-keeping system allows the VEIL’s Portfolio Manager to efficiently manage and track all current and potential investments while maintaining a record of past incidents and engagements. IRIS ensures that VEIL stays on top of its ESG obligations and responsibilities, making it easier for the Portfolio Manager to make informed investment decisions that align with its values. For instance, IRIS maintains a centralised record of past incidents and engagements, such as instances where VEIL engaged with stakeholders on ESG issues or incidents where VEIL faced challenges in meeting its ESG commitments.

ESG Management System, Procedure and Updates

The ESMS involves an 8-step ESMS screening procedure, which includes:

Upgrading the ESMS

The updating process of the ESMS has been started since 2022. The new system is expected to better address key areas of focus in the current ESMS framework whilst streamlining other areas that are rarely triggered for VEIL’s investees.

4. ESG and Climate Change Report (Continued)

The current ESMS screening procedure was originally established to evaluate the E&S risks of non-financial enterprises in Vietnam. The financial sector and, specifically, the Banking sector, which is the biggest sector in the VN Index. A screening process has been established which references IFC ESG guidebook's indicators for financial institutes.

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

Active Ownership

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

Advocacy

Advocacy is essential for responsible investors to promote sustainability and accountability in the financial sector.

ESG practices face significant challenges in Vietnam, including a lack of awareness among local businesses, companies, and weak enforcement. To help overcome these challenges, the Group is committed to advocating for promoting ESG awareness and adoption in Vietnam. The ESG Core Team is dedicated to promoting ESG practices and driving positive change within the capital market. The Group participates workshops and seminars to enhance understanding of ESG issues and work with policymakers, institutions, and business associates to improve ESG practices. The Group's sole sponsorship of the Vietnam Listed Companies Awards from 2008 until its transformation demonstrates its commitment to transparency and disclosure. The Group is also a member and sponsor of several local and international initiatives for sustainability and governance, as listed in Table 2 on page 16.

Voting Rights

VEIL believes that exercising its voting rights is a critical component of responsible investing. The Group, on behalf of VEIL and at the approval of the Board of Directors, participates diligently and prudently in all shareholder meetings called by its investee companies, whether general or

extraordinary, to protect its interests and those of its investees. VEIL recognises the importance of adapting to changes in the voting landscape and ensuring that all its e-votes are properly registered. While in-person voting remains an essential feature of the voting process, VEIL also acknowledges the growing popularity of e-voting as a convenient and accessible alternative.

Through voting, VEIL seeks to promote sustainable practices and drive positive change in the companies it invests in.

Engagement

The Group believes that it has a fiduciary responsibility to actively monitor and engage with the investee companies in which VEIL invests, as this engagement is a primary and essential tool within the ESG framework to promote positive steps towards improving ESG practices and disclosures. The ESG Core Team regularly communicates with all of VEIL's investee companies to assess their strategies, ensure they are meeting expectations and objectives, and encourage them to disclose material ESG issues and report on their actions.

Through frequent conversations and discussions with senior management, the Group shares its expertise on company business strategy and development, mergers and acquisitions, operational performance, remuneration, ESG issues, and general risk management, as well as addressing more specific issues such as climate change.

For serious incidents requiring detailed engagement, the Group may engage specialist service providers who contribute their expertise. In such cases, the Group sets engagement objectives based on the specific issues and circumstances of investee companies. If an investee company fails to meet appropriate standards or represents a risk to shareholder value, the Group works to encourage and guide improvement. Overall, engagement is a critical component of the Group's approach to responsible investing and is integral to promoting positive change within investee companies.

Table 3 and Table 4 on the pages 17 to 20 set out some examples of engagements in 2022.

4. ESG and Climate Change Report (Continued)

Table 2: List of Membership with Research/Public Institutes

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

* Established in 1991 by the Ministry of Planning and Investment (then the State Committee for Investment and Cooperation) – the Government’s macroeconomic and social development policy think-tank – VIR has crossed a long path towards becoming Vietnam’s leading economics and business newspapers.

4. ESG and Climate Change Report (Continued)

Table 3: Engagement with Research/Public Institutes and Policy Makers

Time	Events	Organisers	Topics/outcomes
March 2022	Conference themed ESG - a business model for sustainable development	The Group, Nordic Embassies in Vietnam, and Fullbright School of Public Policy and Management	The event featured high-profile speakers from the private and public sectors who elaborated on the importance of ESG and raised awareness that sustainability is of equal importance as profitability. The conference aimed to promote a business model for sustainable development and encourage the adoption of ESG practices in the business community.
September 2022	Conference themed Leadership and Good Governance in Sustainability and Climate Change	The Group, Deloitte Vietnam, VIOD, the State Securities Commission (“SSC”), HOSE	Raising awareness of the issues of sustainable development and governance associated with Climate Change Governance through specific policies in each enterprise through general leadership as well as the board of directors and the board of management.
October 2022	The Birds, Bears, Bulls - discussion	The Group, University of Exeter, Jefferies	The discussion covered potential solutions to the dilemma of the devastation of growth and economic activity on ecosystems, and consider how we can best measure the true value of biodiversity to the economy.
October 2022	Biodiversity Preference Survey and Discussion with the Group’s Investment and ESG Core Team	The Group’s Investment and ESG Core Team, Professor Ben Groom and his colleague Ben Balmford from University of Exeter.	The Group’s Investment and ESG Core Team participated in an online Biodiversity Preference Survey to understand people’s preferences for biodiversity. The survey results were compared with those of the UK public to promote a better understanding of biodiversity’s value and inform decision-making for sustainable investments prioritising biodiversity conservation.
November 2022	Collaborated with ISPONRE to organise a workshop for the announcement of research results on the valuation of ecosystem services of two key biodiversity areas in Vietnam.	ISPONRE, Symmetry with the sponsor of the Group	Launch research findings on the valuation of ecosystem services provided by mangroves in Ca Mau and Pu Mat National Parks. The event also featured a joint research project exploring private financing options for biodiversity and ecological services.
November 2022	The green economy forum	EuroCham	The Group facilitated connections between policy makers, experts, and enterprises to discuss green and sustainable finance. The conference provided valuable input for the SSC to develop policies and regulations relevant to the Vietnamese context.

4. ESG and Climate Change Report (Continued)

Time	Events	Organisers	Topics/outcomes
December 2022	Annual corporate governance forum	VIOD, VIR	Promotes good governance practices through networking, discussions, and talks. The forum addresses pressing issues such as ESG and climate change challenges, driving positive change in corporate governance practices.
December 2022	VLCA	The Group was the sponsor	VLCA brings together over 100 listed companies to promote disclosure of both financial and non-financial information in alignment with good practices and national regulations. The awards recognise companies that demonstrate excellence in corporate transparency and sustainability, encouraging a culture of accountability and driving positive change in Vietnam's capital markets.

4. ESG and Climate Change Report (Continued)

Table 4: Examples of Engagement with Investee Companies

Company A	
Industry	Real Estate
Issue	ESG follow up
Details of engagement	As a pipeline project of Company A (the “Project”) was subjected to be monitored periodically because of overall ESG issues and the controversies on a biosphere reserve.
Decision and outcome	<p>The Project was not located within Can Gio biosphere reserve and approved by the Government. However, several issues that needed to be monitored, e.g. E&S impacts mitigation measures, plan and implementation, waste management, sand exploitation.</p> <p>The follow up meeting about the Project informed that:</p> <ul style="list-style-type: none"> • Company A was engaging third parties consultants and biodiversity experts to do research on biodiversity around the Project site and propose mitigation measures. • The waste management was followed District People Committee’s plan. <p>The follow up meeting regarding overall ESG issues provided more insights that Company A had the ESG policy which focused on developing net zero megacities, and more ESG staff were being recruiting to support oversee ESG issues.</p> <p>Neutral: To be monitored - The Group needs to keep monitoring the Project.</p>
Company B	
Industry	Software
Issue	ESG performance dialogue with Investor Relations and ESG officers of Company B
Details of engagement	<p>The Group was engaging Company B to improve their ESG report and Greenhouse Gas (“GHG”) emission disclosure as a listed company.</p> <p>Company B was also very interested in how to improve their ESG report and implementation to meet international investors’ expectation in terms of ESG.</p>
Decision and outcome	<p>The discussion focused on:</p> <ul style="list-style-type: none"> • The indicator to assess ESG (the Group introduced the indicator used in VLCA 2022). • GHG emission calculation and strategy to disclose and reduce GHG (the Group introduced some consultants to support FRT in GHG emission inventory). • The Group also shared the importance of estimation and disclosure of GHG emission for the corporate level (comply to Circular 96/2020/TT-BTC and support for investor to report align with Task Force on Climate-Related Financial Disclosures (“TCFD”). <p>There were a lot of standards and frameworks on ESG. The Group needs to keep updating to meet the standards and frameworks.</p> <p>Positive: The Group and Company B will keep in touch in discussion of ESG reporting and GHG emission.</p>

4. ESG and Climate Change Report (Continued)

Company C	
Industry	Chemical
Issue	ESG assessment and dialogue with top management
Details of engagement	In March 2022, the Group has contracted with an E&S expert to conduct E&S assessment of Company C. Company C was excluded from the investment universe of the Group in 2021 due to lack of information. The Group thought that Company C's chemical production could have linked to hazardous substance. However, the financial performance of Company C was very good, thus in early 2022 the Group decided to do a comprehensive ESG assessment with the support from E&S experts.
Decision and outcome	<p>The E&S assessment were based on the following methods:</p> <ul style="list-style-type: none"> • Dialogue with top management to assess how their attitude to ESG in their operation. • Review all E&S documents, e.g. EIA report, monitoring reports, environmental certificates, etc. • Site visit and interview local people living near to the project. <p>Key results of assessments - The chemical factories:</p> <ul style="list-style-type: none"> • Highly automated production process with equipment well-maintained, airtight and closed systems. • No effluent discharge to environment thanks to 100% circulation. • Air emission control system is well installed and operated. • Compliance with national safety standards and good track record of workplace and fire safety. <p>Given the well equipment of wastewater, air, and solid waste treatment system of Company C as well as the Environmental and Social Management Plan, the E&S impacts and risks were well controlled compared against other peers. The top management was also highly focus on environmental, health, safety, and social management.</p> <p>Positive: The E&S risks were assessed much lower than what the Group initially thought about. Therefore, Company C was removed from the Group's exclusion list and could be invested by VEIL.</p>

6 Other Companies	
Industry	Multiple sectors
Issue	ESG assessment and monitoring
Details of engagement	Meeting with management to understand the strategy on ESG as well as ESG practices of these companies.
Decision and outcome	The meeting information helps to improve/confirm the Group's view on the ESG performance of these companies. During the meeting, the Group was trying to encourage these companies to disclose material ESG issues and to report what they were doing.

4. ESG and Climate Change Report (Continued)

Taskforce on Climate-Related Financial Disclosures Report

Governance & Strategy

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

In continuation from 2021, the Board of Directors had chosen to follow the recommendations of the TCFD, which include four pillars: Governance, Strategy, Risk Management and Metrics & Targets. TCFD remains in favour with regulatory support in the UK (where VEIL is listed) and Hong Kong (where the Investment Manager is regulated).

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

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

The assessment of ESG risks in the portfolio has become a regular agenda item for the Board of Directors’ discussions since 2021. The key assumptions and findings in relation to VEIL’s portfolio as at the end of 2022 are discussed in the sections below.

Risk Management

Defining Climate Risk

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

Table 5: Examples of Climate-related Risk

Examples of Physical Risk	
Acute Physical Risk	Event-driven impacts, such as from extreme weather events and the increased frequency of such events, (Including wildfires, droughts and hurricanes, among others).
Chronic Physical Risk	Overall shifts in climatic behavior, such as temperature and precipitation patterns, sea level rise, etc.
Examples of Transition Risk	
Policy and Legal Risk	Policy changes (e.g., carbon taxes, permit restrictions, etc.) and legal risks (e.g., lawsuits).
Technology Risk	Disruptive technologies reducing demand for products or services.
Market Risk	Shifts in supply chain and consumer demand for products.
Reputational Risk	Changing public perceptions of products or companies.

Physical Risk

Vietnam’s geographical features, being located close to the equator and having a long coastline with rapid urbanisation in the Mekong Delta, mean the country is susceptible to a number of extreme weather conditions: (1) river flooding; (2) rainfall floods; (3) storm surges; (4) typhoons; (5) sea level rise; and (6) extreme heat. Figure 2 on page 22 presents the two typical climate hazards of typhoon and extreme heat over Asia Continent, which shows that Vietnam is located in the vulnerable areas to these hazards, and the impacts keep increasing.

Shared Socioeconomic Pathways (“SSP”) and Representative Concentration Pathways (“RCP”) are two frameworks used to project future climate scenarios based on different sets of assumptions about socioeconomic and technological factors.

RCP scenarios were developed by the Intergovernmental Panel on Climate Change (“IPCC”) in 2014, while SSP scenarios were developed by a group of researchers in 2016. SSP scenarios are more recent and provide a more comprehensive set of assumptions about socioeconomic and technological developments. One key difference between the two scenarios is that SSP scenarios explicitly consider

4. ESG and Climate Change Report (Continued)

different possible pathways for socioeconomic development, while RCP scenarios assume a more linear progression of economic growth and energy use.

Another difference is that SSP scenarios include a wider range of possible outcomes for greenhouse gas emissions, while RCP scenarios focus on four specific emissions trajectories, labeled RCP2.6, RCP4.5, RCP6, and RCP8.5, which correspond to different levels of radiative forcing by the end of the 21st century.

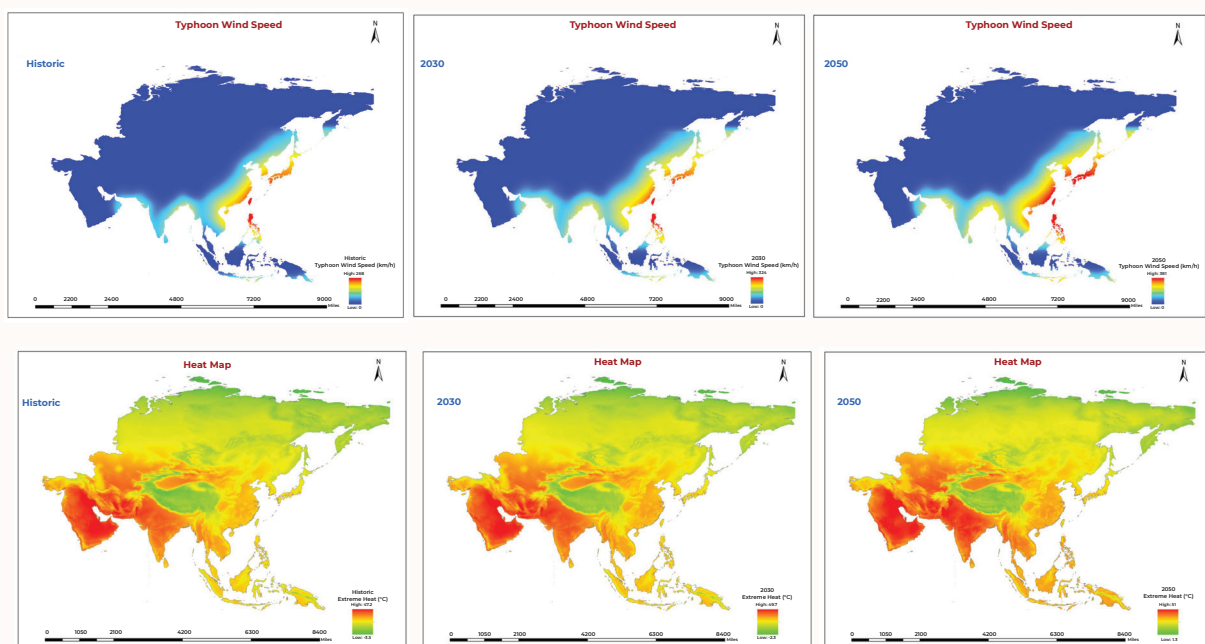
In general, SSP scenarios provide a more nuanced and flexible set of assumptions for modeling future climate scenarios, while RCP scenarios provide a more focused set of emissions trajectories for comparison. Both frameworks are widely used in climate modeling and research, and are important tools for understanding the potential impacts of climate change and the actions needed to mitigate it.

For its analysis of Physical Risk, the Group evaluates the potential VaR of the physical assets which are most critical to the operation of VEIL’s investee companies under different

RCP scenarios in the target period 2030-2050. This exercise gives the Group an insight into the potential damage each weather event would have on these assets and VEIL’s investee companies.

The SaaS methodology for Physical Risk analysis used of peer-reviewed models for the regions. The predictive datasets used are recommended by the IPCC CMIP5 RCP and SSP scenarios to reflect climate change. Various AI models (LSTM, CNN, SVM etc.) are used to generate increase the data quality and speed up the computing process.

Figure 2: Climate hazard impact over Asia Continent in 2020 (historic) against in 2030 and 2050 (RCP 8.5 scenarios)



4. ESG and Climate Change Report (Continued)

Climate Assumption

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

The scenarios that have been chosen for VEIL’s analysis are presented in Table 6 below.

Table 6: Assumption of Climate Scenarios

RCP	SSP	Description
RCP 8.5	SSP 8.5	Business-as-usual scenario without additional efforts to constrain emissions, resulting warming of more than 4°C
RCP 4.5	SSP 4.5	Intermediate scenario that declines by 50% on 2050 levels by 2100, expected to result in warming of more than 2°C
RCP 2.6	SSP 2.6	Net zero pathway that aims to keep global warming below 2°C

Transition Risk

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

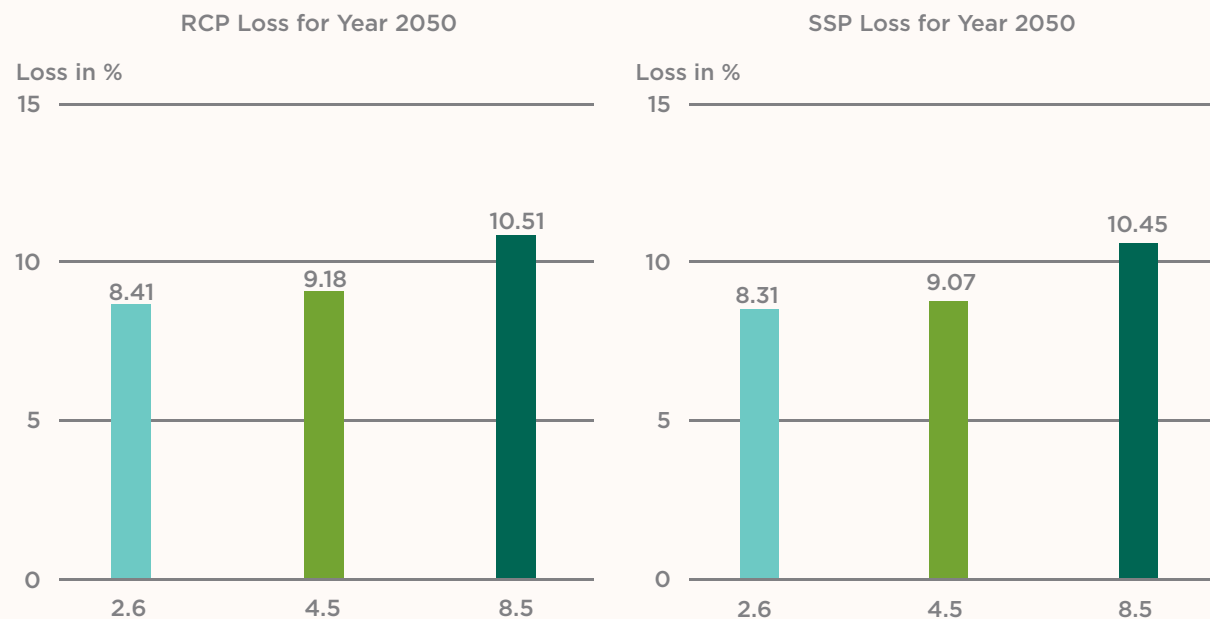
Thus, at the 26th and 27th United Nation Climate Change Conference, the Prime Minister of Vietnam made a commitment to reach net-zero emissions for the country by 2050.

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

In view of the limited availability of data, the Group has utilised Intensel’s SaaS platform to approximate the TCFD’s suggested metrics of GHG emissions and WACI for assessing Transition Risk. The platform employs carbon sector intensity, measured in terms of tons of CO₂ emitted per one million dollars of revenue. Additionally, the WACI for the local benchmark indexes of VN Index and VN30 Index was calculated using the Intensel’s carbon sector intensity and the calculation formula proposed by MSCI (2020)*.

* MSCI ESG Metrics Calculation Methodology, December 2020

Figure 3: Physical Climate VaR for Different Climate Scenarios



4. ESG and Climate Change Report (Continued)

Metrics

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

For the Group and VEIL, both remain an immense challenge because of the scarcity of any carbon or climate data disclosures among listed companies in Vietnam. Furthermore, the methodology and the models used to estimate the metrics recommended by TCFD remain relatively new in Vietnam. The following disclosed metrics by VEIL were resulted from Intense!’s SaaS platform, which enable VEIL to understand its climate-related risks and eventually provide the targets in near future.

Physical Risk Metrics

Climate Value-at-Risk (“CVaR”) - measures the maximum amount of loss to be incurred over a one-year period given that a one in one-hundred-year extreme event occurs (for all climate hazards that affect the asset). CVaR can be thought of as potential loss over the exposure of the asset if in % or \$ loss if measuring the absolute loss.

The VaRs of different climate scenarios for the year of 2050 were presented in Figure 3 on page23. RCP and SSP scenarios were reported.

Transition Risk Metrics

The four key metrics of GHG emission recommended by TCFD were calculated for VEIL and are presented in Table 7 below.

- WACI: portfolio’s exposure to carbon-intensive companies, expressed in ton CO₂e/\$M revenue;
- Total carbon emission for scope 1 and 2: the absolute GHG emissions associated with VEIL’s portfolio, expressed in ton CO₂ equivalent;
- Carbon footprint: total carbon emission for VEIL normalised by the market value of VEIL, expressed in ton CO₂e/\$M invested; and
- Carbon intensity: volume of carbon emission per million dollars of revenue, expressed in ton CO₂e/\$M revenue.

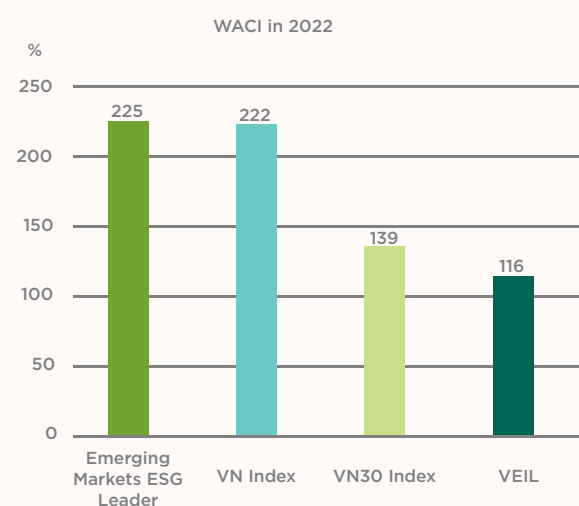
Table 7: Key GHG emission metrics of VEIL in 2022

Key metrics	Values
WACI	116 ton CO ₂ e/\$M revenue
Total Carbon emission scope 1 &2 of VEIL	154,000 ton CO ₂ e
Carbon footprint	95 ton CO ₂ e/\$M invested
Carbon intensity	151 ton CO ₂ e/\$M revenue

A comparison WACI of VEIL against other local and regional benchmarks, e.g. Emerging markets, VN Index, VN30 Index, is an important practice for evaluating performance, managing risk, and gaining insights of the portfolio into the markets.

Figure 4 below presents the WACI for 2022 of VEIL against three indexes i) Emerging Markets ESG Leaders (EM) (value in 2021), ii) VN Index; and iii) VN30 Index (values as of 30 December 2022). WACI of VEIL is about 17% lower than that of VN30 Index, and about 48% lower than those of VN Index and EM.

Figure 4: WACI of VEIL Versus Other Indexes



4. ESG and Climate Change Report (Continued)

Forward-looking Target

As part of its commitment to TCFD reporting, the Group, on behalf of VEIL, aim to further collaborate with regulatory bodies who encourage and enable greater disclosure of carbon information by listed companies. In addition, the Group will explore opportunities to establish a process and/or platform for carbon credit certification and trading, in order to support the transition to a low-carbon economy and drive positive environmental impact.

The Modern Slavery Act 2015

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

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

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

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

5. Corporate Governance Statement

Introduction

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

Compliance with Corporate Governance Codes

The Board of Directors of the Company has considered the Principles and Provisions of the AIC Code of Corporate Governance (the "AIC Code").

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

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

It is the Board of Directors' view that the Company has complied with the Principles and Provisions of the AIC Code during the year ended 31 December 2022.

The AIC Code is available on the AIC website (www.theaic.co.uk).

The AIC Code includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

Table 1 on pages 39 to 44 under this Corporate Governance Statement describes how the Board of Directors has applied the 17 Principles of the AIC Code in practice during the year ended 31 December 2022.

Section 172 of the UK Companies Act 2006

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

- (a) the likely consequences of any decision in the long-term;

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

(the "s.172 matters").

Section 172 of the UK Companies Act 2006 is not directly applicable to the Company as a non-UK company.

However, in accordance with Provision 5 of the 2019 AIC Code, the Board of Directors is required to disclose how the s.172 matters have been considered in board discussions and decision-making.

The Company maintains a long-term strategy with no employees.

The Board of Directors and the Investment Manager have adequate and regular shareholder liaison.

During the reporting period, the Board of Directors and the Investment Manager have taken steps to explicitly use the Company's investments and influence to advocate for a low-carbon, environmentally sustainable and inclusive economy.

This aims to deliver long-term sustainable returns through different aspects including making better decisions by systematically and explicitly integrating ESG factors into the investment process.

More information on the Company's operations, conduct of business, and fair treatment can be found in the ESG and Climate Change Report on pages 13 to 25.

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 of the Company confirm that there are no disclosures to be made in this regard,

5. Corporate Governance Statement (Continued)

other than in accordance with LR 9.8.4(5) and LR 9.8.4(6), the information of which is detailed in Note 10 to the financial statements (under “Directors’ fees”), and LR 9.8.4(10), the information of which is detailed on page 34 under “Directors’ Interests in Contracts”.

Directors

The following were Directors of the Company during the year to 31 December 2022 and to the date of this annual report:

- Gordon Lawson: Chair (from 30 June 2022)
- Entela Benz-Saliasi: Senior Independent Non-Executive Director (from 30 June 2022)
- Vi Peterson: Independent Non-Executive Director
- Low Suk Ling: Independent Non-Executive Director
- Sarah Arkle: Independent Non-Executive Director (appointed on 5 January 2022)
- Dominic Scriven O.B.E: Non-Executive Director
- Stanley Chow: Chair (until 30 June 2022)

As at 31 December 2022, the Board of Directors consisted of six Non-Executive Directors, five of whom were independent of the Investment Manager, whose individual knowledge and experience provide a balance of skills and expertise relevant to the Company and it was considered that they commit sufficient time to the Company’s affairs.

The biographical details of the Directors are provided on pages 50 to 51.

The Chair, Gordon Lawson, is non-executive and independent of the Investment Manager.

The Chair leads and ensures the effectiveness of the Board of Directors in all matters relating to the Company, including receiving accurate and timely information.

There is a clear separation of roles and responsibilities between the Chair of the Board of Directors, the Chairs of the various Board Committees (the Audit and Risk Committee, the Management Engagement Committee and the Nomination and Remuneration Committee), the Directors of the Company as a whole, the Investment Manager and the Company’s other third-party service providers.

Dominic Scriven O.B.E is the Director of Dragon Capital Group Limited, the parent of the Investment Manager and also acts as the Chairman of the Dragon Capital group.

Dominic Scriven O.B.E is, therefore, not considered to be independent of the Investment Manager.

There are no Executive Directors on the Board of Directors.

Details of the individual board remuneration of Directors of the Company and their beneficial interests in the Company as well as details of the Committees and their composition are disclosed in this Corporate Governance Statement.

Dominic Scriven O.B.E does not participate in any Committee.

New Directors of the Company are provided with an induction programme, which is designed and approved by the Board of Directors as a standard procedure.

Following the appointment, the Chair reviews and agrees with new Directors of the Company their training and development needs covering specific Company matters as well as industry issues.

The Board of Directors is supplied, via the Investment Manager and other service providers, with sufficient information to enable the Directors of the Company to discharge their duties.

The Investment Manager, with the support of the Company’s legal advisers, provides the Board of Directors with regular updates on regulatory issues and on the latest corporate governance rules and regulations.

Directors’ Duties and Responsibilities

The Directors of the Company have adopted a set of Reserved Powers, which establish the key purpose of the Board of Directors 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;

5. Corporate Governance Statement (Continued)

- Risk assessment and management, including reporting, compliance, monitoring, governance and control;
- Review the portfolio, assess strategy, assess the performance and cost of service providers;
- Act as a point of contact for shareholders, independent of the Investment Manager; and
- Other matters having material effects on the Company.

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

The Board of Directors meets at least quarterly. Each meeting is attended by representatives from the Investment Manager. Representatives from the Investment Manager also attend relevant Committee meetings if requested by the relevant Committee Chairs.

Open, constructive debate and discussion is encouraged by the Chair of the Board of Directors and each Committee's Chair to ensure that the best interests of the shareholders and the Company are maintained.

The Board of Directors has standing agenda items for its quarterly scheduled Board meetings and periodic Audit and Risk Committee, Management Engagement Committee and Nomination and Remuneration Committee meetings to review the Investment Manager's performance, risk management and other matters relating to the operations and regulation of the Company.

This includes reviewing the portfolio performance, attribution analysis, contributors and detractors to performance, weightings and portfolio information including purchases and sales, risks, fees, ESG as well as the macro economy and stock market outlook.

The Board of Directors also performs a review of the share price performance, the discount and the share buyback policy, as well as credit facilities.

The Board of Directors sets the overall Company strategy and regularly reviews its progress to ensure that its goals and objectives are being met.

The Board of Directors continually monitors the share price discount to Net Asset Value ("NAV") daily and exercises its right to buy back shares when the Board of Directors considers that it is in shareholders' interests to do so.

The matter is reviewed at each quarterly Board meeting with the Directors of the Company receiving updates from the Investment Manager, Corporate Broker, and auditor.

Board and Committees

The Board of Directors has established three committees:

- Audit and Risk Committee
- Management Engagement Committee
- Nomination and Remuneration Committee

The responsibilities of the three Committees are described below.

Dominic Scriven O.B.E does not participate in any Committee.

On 14 June 2022, the Company announced the reconstitution of the Committees as follows:

Audit and Risk Committee

- Chair: Entela Benz-Saliasi
- Members: Sarah Arkle, Low Suk Ling

Management Engagement Committee

- Chair: Sarah Arkle
- Members: Gordon Lawson, Vi Peterson

Nomination and Remuneration Committee

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

As of 31 December 2022, 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 Board has established three committees: the Audit and Risk Committee, the Management Engagement Committee and the Nomination and Remuneration Committee. All members of the committees are independent.

5. Corporate Governance Statement (Continued)

Dominic Scriven O.B.E who is the Chairman of Dragon Capital Group Limited, the ultimate parent of the Investment Manager, does not participate in any Committee.

The Nomination and Remuneration Committee is responsible for ensuring that the Board comprises the appropriate balance and composition of skills, experience, length of service, knowledge of the Company and diversity (including gender and ethnic diversity) as well as determining a fair and market-competitive compensation for members of the Board.

As of 31 December 2022, two out of the six Board members originate from an Asian ethnic background (Vietnam and Singapore) and four out of the six Board members are female.

Audit and Risk Committee

The Audit Committee was formed on the listing of the Company on the main market of the London Stock Exchange on 5 July 2016.

With effect from 1 July 2018, the Audit Committee was expanded to become the Audit and Risk Committee.

Detailed information on the Audit and Risk Committee can be found in the Report of the Audit and Risk Committee on pages 46 to 49.

Management Engagement Committee

The Management Engagement, Nomination & Remuneration Committee was formed upon listing of the Company on the main market of the London Stock Exchange on 5 July 2016.

With effect from 1 July 2018, the Management Engagement, Nomination & Remuneration Committee was split into the Management Engagement Committee and the Nomination and Remuneration Committee.

The Chair of the Management Engagement Committee reports to the Board of Directors after each meeting on all matters within its duties and responsibilities.

The Management Engagement Committee makes recommendations to the Board of Directors as it deems appropriate on any area within its remit where action or improvement is needed.

The Board of Directors considers the arrangements for the provision of investment

management services to the Company on an on-going basis and a formal review is conducted annually by the Management Engagement Committee which consists solely of Directors of the Company 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 of Directors considered the quality and continuity of the personnel assigned to handle the Company's affairs, the investment process and the results achieved to date.

The Directors of the Company believe that the Investment Manager has the resources and ability to deliver the results which they seek.

During the reporting period, the Management Engagement Committee met twice to discuss and assess service providers covering marketing and research, fund administration, custody, corporate broker, Board platform, auditor, and investment management of the Company.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee performs an annual review of the skills, experience, length of service and knowledge about the Company for each Director of the Company and the structure, size and composition (including gender) of the Board of Directors.

The skills, experience and length of service of each Director of the Company are detailed in the Directors' biographies on pages 50 to 51.

The selection policy of the Board of Directors is to appoint the best qualified person for the job, by considering diversity of the Board of Directors, in order to achieve a combination of skills, experience and knowledge.

The Board of Directors is satisfied that the current blend of diversity, skills and experience prompts informed decision making and does not deem it necessary to alter the mix at present.

The Nomination and Remuneration Committee periodically reviews the level of Directors' fees relative to other comparable companies and in light of the Directors' responsibilities.

5. Corporate Governance Statement (Continued)

In doing so, the Nomination and Remuneration Committee has access to independent research.

The policy of the Board of Directors is that the remuneration of Non-executive Directors should reflect the responsibilities of the Board of Directors, the experience of the Board of Directors as a whole and be fair and comparable to that of other investment companies of similar size, capital structure and investment objective.

Details of the Directors' remuneration can be found on page 30 and in Note 10 to the financial statements. The Directors' interests (including interests of connected persons) can be found in the Report of the Board of Directors on pages 53 to 55.

The Nomination and Remuneration Committee, which is entirely comprised of Independent Directors of the Company, regularly reviews the structure, size and composition of the Board of Directors and makes recommendations to the Board with regard to any adjustments that seem appropriate, considers the rotation and renewal of the Board of Directors, approves candidate specifications 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 is to formally make appointments.

During the reporting period, the Nomination and Remuneration Committee met three times to discuss succession planning, monitor and review key person risk and conduct ongoing review of the Board and committee composition.

Following the Committee's approved plan, Sarah Arkle, Independent Non-Executive Director, was appointed on 5 January 2022.

On 30 June 2022, Stanley Chou stepped down as the Chair of the Company and resigned from the Board of Directors.

Stanley Chou had served as a director of Vietnam Growth Fund Limited, a fund also managed by the Dragon Capital group, until its merger with the Company, following which he joined the Board of Directors of the Company in January 2016.

The Board of Directors elected Gordon Lawson, Senior Independent Non-executive Director, to replace Stanley Chou as Chair of the Company effective on 1 July 2022.

Entela Benz-Saliasi replaced Gordon Lawson as the Senior Independent Non-executive Director, also effective on 1 July 2022.

As at 31 December 2022, the independence of the Board of Directors is maintained as five of the six Non-Executive Directors are independent of the Investment Manager.

The Nomination and Remuneration Committee also confirms that the knowledge and experience of the Directors of the Company is adequate to provide a balance of skills and expertise which are relevant to the Company.

Directors' Remuneration Report

The Nomination and Remuneration Committee is responsible for determining the level of Directors' fees.

The terms of reference are available on request. The Board of Directors has prepared this Remuneration Report in accordance with the recommendations of the AIC Code.

The Company's Remuneration Policy for the Directors of the Company takes into consideration the principles of the UK Code and the AIC's recommendations regarding the application of those principles to investment companies.

Directors' remuneration is determined by the Nomination and Remuneration Committee.

All of the Directors of the Company 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 to US\$400,000.

The level of this cap may be increased by a resolution of the shareholders from time to time.

Subject to this overall limit, the policy of the Board of Directors 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.

5. Corporate Governance Statement (Continued)

Fee rates have been established by reference to current market levels and are as follows:

- Member of Board only: US\$45,000 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; and
- Member of the Nomination and Remuneration Committee: +US\$2,500 per annum.

Board Independence, Composition and Diversity

The Board of Directors supports the principle of boardroom diversity and the Parker Review.

The selection policy of the Board of Directors is to appoint the best qualified person for the job, by considering factors such as diversity of thought, experience and qualifications, and ethnic and gender diversity, for the effective conduct of the Company's business.

New appointments are identified against the requirements of the Company's business and the need to have a balanced Board of Directors.

As at 31 December 2022, the Board consisted of five Independent Non-Executive Directors and one Non-Independent Non-Executive Director.

Listing Rule 9.8.6

The Directors of the Company confirm that, as at 31 December 2022, the Company has met the targets on board diversity set out in Listing Rule 9.8.6(9)(a), with 66.67% of the individuals on the Board of Directors being women (including the senior independent director) and two out of six directors being from minority ethnic backgrounds.

Table 2 on page 45 has been constructed using data provided by the Directors on a voluntary basis. Each director received an email containing the same table format as set out on page 45 and was asked to tick the boxes applicable to them.

Directors' Appointment and Policy on Payment of Loss of Office

Each Director has an appointment letter with the Company. The terms of the appointment provide that a Director will be subject to re-election at each Annual General Meeting ("AGM").

A Director may be removed from office following three months' notice.

The Board of the Directors does not have a formal policy requiring Directors to stand down after a certain period. The Board of Directors has established the Nomination and Remuneration Committee which regularly reviews structure, size, gender and composition of the Board of Directors and makes recommendations to the Board of Directors with regard to any adjustments that seem appropriate.

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

Appointment

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

Performance, Service Contracts, Compensation and Loss of Office

- No Director of the Company has a service contract.
- Compensation will not be due upon leaving office.

5. Corporate Governance Statement (Continued)

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

Re-election of Directors

All Directors of the Company 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 of Directors in respect of re-elections.

Conflict of Interests

Directors are fiduciaries, so must act in good faith and in the best interests of the Company, avoid or recuse themselves from conflicts of interest, and not use their position or knowledge gained from the Company for any personal profit or advantage (beyond their agreed remuneration).

Only Directors of the Company who have no material interest in the matter being considered will be able to participate in the Board approval process.

Directors of the Company 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 of the Company will act in a way they consider to be acting in good faith in assessing the materiality of the conflict in accordance with the Company's Articles.

The Board of Directors believes that its powers of authorisation of conflicts of interest have operated effectively.

The Board of Directors also confirms that its procedures for the approval of conflicts of interest, if any, have been followed by the Directors.

As at 31 December 2022, none of the Directors of the Company had a material interest in any contract which is significant to the Company's business other than Dominic Scriven O.B.E in relation to the investment management agreement dated 23 May 2016 between the Company and the Investment Manager (the "Investment Management Agreement") as further detailed on page 54 under "Directors' Interests in Contracts".

The Board notes that an affiliate of the Investment Manager holds two convertible notes issued by Intensel Limited ("Intensel") (a Hong Kong company which provides climate risk analysis) in an aggregate amount of US\$400,000, as disclosed by the Company in previous Annual Reports.

Entela Benz-Saliasi continues to have a material interest in, and is a director of, Intensel, which may provide services in the future to the Company (such as analysis of investee companies), but any such services are not expected to be materially significant.

As at 31 December 2022, the Company had not engaged Intensel to provide any services.

The Directors' holdings in the Company can be found in the Report of the Board of Directors on pages 53 to 55.

Performance Evaluation

The Board of Directors undertakes an annual evaluation of its own performance and that of its committees and individual Directors, including the Chair.

The Board of Directors also considers the independence of each Director.

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

Induction/Information and Professional Development

The Directors of the Company are provided, on a regular basis, with key information on the Company's policies, regulatory requirements and internal controls.

Regulatory and legislative changes affecting Directors' responsibilities are advised to the Board of Directors 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 of Directors from time to time on relevant topics and issues.

When a new Director of the Company is appointed to the Board of Directors, he/she will be provided with all relevant information regarding the Company and his/her duties and responsibilities as a Director of the Company.

5. Corporate Governance Statement (Continued)

In addition, a new Director of the Company will also spend time with representatives of the Investment Manager in order to learn more about its processes and procedures.

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

Table 1 on page 49 in the Report of the Audit and Risk Committee lists the number of Board and Committee meetings attended by each Director.

During the year ended 31 December 2022, there were four Board meetings, two Audit and Risk Committee meetings, two Management Engagement Committee meetings and three Nomination and Remuneration Committee meetings.

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

The Board of Directors has delegated various duties to external parties including the management of the investment portfolio, the custodial services (including safeguarding of assets), registration services and day-to-day company secretarial, administration and accounting services.

Each of these contracts was entered into after full and proper consideration by the Board of Directors 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

Dragon Capital Management (HK) Limited is the Investment Manager of the Company.

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

The Investment Manager is not entitled to a performance fee.

The Investment Manager's appointment will continue until terminated under the provisions of the Investment Management Agreement.

The Company has the right to terminate the Investment Management Agreement giving 24 months' notice in writing to the Investment Manager.

The Investment Management Agreement may also be terminated with immediate effect on the occurrence of certain events, including insolvency or material and continuing breach.

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

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

Both the Board of Directors 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 the Investment Management Agreement or in other policies such as the Company's discount control policy.

The Board of Directors is ultimately responsible for ensuring that sound systems of internal control of the Company are 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 systems of internal control and the Directors of the Company believe that an appropriate framework is in place to ensure that sound systems of internal control are maintained by the Company.

Furthermore, the Board of Directors 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.

5. Corporate Governance Statement (Continued)

The principal risks and uncertainties facing the Company are disclosed in the Report of the Audit and Risk Committee on pages 46 to 49. These principal risks and uncertainties are monitored as part of the normal oversight process.

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

The Investment Manager monitors the Company's 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 of Directors receives and considers reports regularly from the Investment Manager, with ad hoc reports and information supplied to the Board of Directors as required.

The Investment Manager takes decisions as to the purchase and sale of individual investments, within the delegated authority established by the Board of Directors.

The Investment Manager complies with the risk limits as determined by the Board of Directors and has systems in place to monitor cash flows, the liquidity and other financial risk of the Company.

The Investment Manager and Standard Chartered Bank (the "Administrator") also ensure that all Directors of the Company receive, in a timely manner, all relevant financial information about the Company's portfolio.

Representatives of the Investment Manager, the Corporate Broker and the Company's legal advisers attend Board meetings as required, enabling the Directors to probe further on matters of concern.

The Directors have access to the advice and service of the Company Secretary through its

appointed representative who is responsible to the Board of Directors for ensuring that Board procedures are followed, and that applicable rules and regulations are complied with.

The Board of Directors, 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 local and global macro-economy, its activity, the portfolio and investment performance over the preceding period.

Ongoing communication with the Board of Directors is maintained by formal meetings and ad-hoc conversations.

The Investment Manager ensures that Directors of the Company have timely access to all relevant management, financial and regulatory information to enable informed decisions to be made.

The Investment Manager contacts the Board of Directors as required for specific guidance on particular issues.

The Board of Directors 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 the Investment Manager's reasonable judgment of what will best serve the financial and governance considerations of the Company.

So far as is practicable, and with the authorisation by the Board of Directors, the Investment Manager votes at all of the meetings called by companies in which the Company invests.

In order to do this, the Investment Manager agrees its stance on a variety of key corporate

5. Corporate Governance Statement (Continued)

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.

The Investment Manager has strictly integrated ESG considerations throughout its investment process. The screening and assessment on the ESG issues have been applied on all investee companies, except for those in the financial sector.

Administrator and Custodian

Custody and fund administration services are undertaken by Standard Chartered Bank.

Company Secretary

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

Relations with Stakeholders

The Board of Directors recognises the benefits of engaging with the shareholders of the Company and other key stakeholders in order to ensure that the Board of Directors is aware, and can take account, of their views during Board discussions and when the Board of Directors makes decisions.

As a result, the following processes and initiatives are in place:

Liaison With Investors

Since the COVID-19 pandemic began, the Dragon Capital group has hosted a series of webinars to keep clients and prospective investors informed of developments in Vietnam.

These mainly focus on stock market, economy and key investment themes, with Q&A where discussions usually centre around the funds, particularly the Company.

Environment and Community

The Dragon Capital group has engaged in the following activities during the year under review:

- Obtained carbon neutral status for the Dragon Capital group's internal operations through participation in an accredited

scheme involving the planting of trees at primary schools to offset our carbon footprint.

- Implemented a 'Zero To Landfill' waste and recycling policy;
- Encouraged employees to reduce their own environmental impact through a cycle to work scheme;
- Procurement of all electricity usage in the Dragon Capital group's property portfolio from renewable sources;
- Facilitated employees taking advantage of 'Give As You Earn' for personal charitable donations;
- Held various employee events to raise money for designated charities;
- Empowered young people in difficult circumstances who show high learning potential, especially young women, by paying tuition fees throughout their study. In addition to financial support, these scholarships also focus on developing the character, solidarity and mutual support mindset of the students to motivate them to contribute to the community after graduation;;
- Actively participated in sponsorship of students of The Foreign Trade University, the next generation of financial market participants; and
- Under the motto of 'Giving The Best To The Children', the Dragon Capital group, in collaboration with charity organisations, awarded scholarships to children who were affected by the COVID-19 pandemic.

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 to engage with shareholders.

Where appropriate, the Chair and other Directors of the Company are available for discussion about governance and strategy with major shareholders and the Chair ensures communication of shareholders' views to the Board of Directors.

The Board of Directors receives a monthly analysis of beneficial shareholders of the Company.

During the year ended 31 December 2022, the Investment Manager had periodic meetings

5. Corporate Governance Statement (Continued)

with shareholders to discuss aspects of the Company's performance.

The Directors of the Company are made fully aware of their views.

The Chair and Directors of the Company 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 93 or contact the Investment Manager using the contact details also provided on page 94.

The Board of Directors believes that the AGM provides an appropriate forum for investors to communicate with the Board of Directors and encourages participation.

The AGM will be attended by at least one Director of the Company.

There is an opportunity for individual shareholders to question the Directors of the Company at the AGM.

Details of proxy votes received in respect of each resolution will be made available to shareholders at the AGM and will be posted on the Company's website and the London Stock Exchange's website following the AGM.

The Chair actively leads and other Directors participate in discussions on, or approves the content of, all significant external communications.

During this process, relevant stakeholders such as the Investment Manager, the Auditors, the Legal Adviser and the Corporate Broker are engaged as and when required.

The Board of Directors aims to keep shareholders informed and up to date with information about the Company.

This includes information contained within annual reports, interim (semi-annual) reports, the PRIIPs KID, quarterly reports, monthly reports, weekly reports, factsheets and frequent webinars, as well as notices of any significant event to registered shareholders.

The Company's website (www.veil-dragoncapital.com) displays the latest news, price and performance information and portfolio details. Shareholders also have the opportunity

to have the latest Company information downloaded from the website.

The Company also releases information through the London Stock Exchange.

Internal Audit

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

Internal Control

The Audit and Risk Committee is responsible for reviewing the effectiveness and efficiency of the Company's systems of internal control.

The Board of Directors reviews the ongoing processes for identifying, evaluating and monitoring the principal risks and uncertainties faced by the Company.

Detailed information on the risk management and internal controls in relation to the Company's financial reporting process can be found in the Report of the Audit and Risk Committee on pages 46 to 49.

Principal Risks and Uncertainties

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

This includes an assessment of strategic, business, financial, operational, IT and compliance risks.

The principal risks and uncertainties identified by the Board, together with the way in which the Board seeks to manage those risks and uncertainties, can be found in the Report of the Audit and Risk Committee on pages 46 to 49.

The Directors of the Company have not identified any other principal risk or uncertainty during the reporting period.

Viability Statement

The Directors of the Company have assessed the prospects of the Company over a three-year period to 31 December 2025.

The Directors of the Company believe that this period is appropriate because it would provide

5. Corporate Governance Statement (Continued)

the Investment Manager the time needed to successfully unlock the value of the Company's underlying portfolio.

In their assessment of the viability of the Company, the Directors of the Company 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 detailed analysis of the Board of Directors, it has concluded that, based on the Company's current position, the principal risks and uncertainties that the Company faces and their potential impact on its future development and prospects, there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities when they fall due over the three-year period to 31 December 2025.

Going Concern

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

On the basis of that review and after due consideration of the balance sheet and activities of the Company and the Company's assets, liabilities, commitments and financial recourses, the Directors of the Company have concluded that the Company has adequate resources to continue its operational existence for the foreseeable future.

For this reason, the Directors of the Company 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 14 July 2022 at 3:00pm (Hong Kong time). The result of the AGM can be found on page 52.

Authority for Share Buyback and Discount Management

The shareholders approved at the Company's AGM on 14 July 2022 a special resolution to undertake share buybacks up to a maximum

amount equal to 14.99% of the issued share capital.

This special resolution was passed and shall expire on the earlier of 31 December 2023 and the conclusion of the Company's next annual general meeting.

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

A share buyback programme was carried out in 2022. The details of the share buyback programme in 2022 can be found on the London Stock Exchange website <https://www.londonstockexchange.com/stock/VEIL/vietnam-enterprise-investments-limited/analysis>.

In total 6,808,169 Shares were bought back during the year, representing 3.08% of the issued share capital, for an aggregate consideration of US\$ 61,104,723.

The Shares bought back are held in treasury. As at 31 December 2022, the Company held 14,195,068 Shares in treasury.

Following the above buybacks, the total number of Shares in issue was 206,725,678 (excluding Shares held in treasury) as at 31 December 2022.

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 Disclosure Guidance and Transparency Rules ("DTR") of Financial Conduct Authority ("FCA").

The Directors of the Company will only make such buybacks through the market at prices (after allowing for costs) below the relevant prevailing NAV per Share under the guidelines established from time to time by the Board.

Buybacks of Shares may be made only in accordance with Cayman law, the DTR and the authority granted by shareholders at the Company's AGM on 14 July 2022.

Under the FCA's Listing Rules, the maximum price that may be paid by the Company on the buybacks of any Share pursuant to a

5. Corporate Governance Statement (Continued)

general authority is 105% of the average of the middle market quotations for the Shares for five business days immediately preceding the date of buybacks or, if higher, that stipulated by regulatory technical standards referred to in Article 5(6) of the UK version of the Market Abuse Regulation (EU) No. 596/2014 (which forms part of UK law by virtue of the European Union (Withdrawal) Act 2018).

Shares bought back by the Company may be cancelled or held in treasury (up to a maximum of 10% of the total number of issued Shares at any time may be held in treasury).

Shares may be re-issued from treasury but, unless previously approved by shareholders, will not be issued at a price which, taking account of issue expenses, would be less than the last reported NAV per Share.

A buyback of Shares pursuant to the share buyback programme on any trading day may represent a significant proportion of the daily trading volume in the Shares on the main market of the London Stock Exchange (and could exceed the 25% limit of the average daily trading volume of the preceding 20 business days as referred to in the UK version of Commission Delegated Regulation (EU) No. 2016/1052 on buyback programmes, which forms part of UK law by virtue of the European Union (Withdrawal) Act 2018).

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

Shareholders should note that the buyback of Shares by the Company is at the absolute discretion of the Directors of the Company and is subject, amongst other things, to the amount of cash available to the Company to fund such buybacks.

Accordingly, no expectation or reliance should be placed on the Directors of the Company exercising such discretion on any one or more occasions.

Management Shares

Dragon Capital Limited holds 1,000 management shares of the Company.

Dragon Capital Limited is 100% owned by Dragon Capital Group Limited which is the ultimate parent company of the Investment Manager of the Company.

The management shares shall not be redeemed by the Company, and do not carry any right to dividends.

In a winding up, management shares are entitled to a return of paid-up nominal capital out of the assets of the Company, but only after the return of nominal capital paid up on Ordinary Shares.

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

Substantial Shareholdings

As at 31 December 2022, the following shareholders owned more than 10% of the Company's issued Ordinary Share capital:

Inter Fund Management S.A.

- Number of Ordinary Shares held: 27,423,467
- % of total Ordinary Shares in issue: 13.27%

Bill & Melinda Gates Foundation

- Number of Ordinary Shares held: 24,670,745
- % of total Ordinary Shares in issue: 11.75%

Shareholders need to comply with the notification and disclosure requirements set out in Chapter 5 of the Transparency Rules of the UK Financial Conduct Authority.

If it comes to the attention of the Directors that a shareholder has not within the requisite period disclosed their holding in the Company, the Company may, inter alia, at the discretion of the Directors, notify the shareholder that their shares in relation to the holding shall not be entitled to a vote, either in person or in proxy, at any general meeting of the Company.

5. Corporate Governance Statement (Continued)

Table 1: 17 Principles of the AIC Code in Practice During the Year Ended 31 December 2022

AIC Code Principle	VEIL's application
A. A successful company is led by an effective board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society. (Incorporates relevant content from UK Code Principle A)	<p>The Board of Directors meets at least quarterly to assess the Company's performance, viability, risk, and value over the short, medium and long term.</p> <p>The effectiveness of the Board of Directors and the Chair is reviewed regularly as part of the internal control process led by the Nomination and Remuneration Committee.</p>
B. The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture. (UK Code Principle B)	<p>The Board of Directors holds quarterly strategy meeting during which it can discuss important issues faced by the Company and the industry, and exchange ideas about the future outlook of the business.</p> <p>The Board of Directors agrees a strategy and monitors performance against this agreed strategy on an ongoing basis.</p> <p>The Board of Directors hires an external third party to conduct a formal evaluation on its own performance every three years. The last Board evaluation report was done in 2021 by Amrop, a global leadership Advisory and Executive consultant firm. The next Board evaluation will be done in 2024.</p>
C. The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed. (UK Code Principle C)	<p>The Board of Director considers that the Company is adequately resourced to meet its objectives and is satisfied that it is able to effectively measure its performance against them.</p> <p>The Board of Directors has established a schedule of internal controls and key risks, which enable it to plan, measure and manage how it mitigates threats to its performance, and prioritises its resources in doing so.</p> <p>These schedules are reviewed on a quarterly basis by its Audit and Risk Committee.</p> <p>The Investment Manager also reports to the Board of Directors on the Company's performance when measured against its industry peers at each Board meeting, from which the Board of Directors is able to determine whether or not its performance is satisfactory, and what actions, if any, are needed to make improvement.</p>

5. Corporate Governance Statement (Continued)

AIC Code Principle	VEIL's application
<p>D. In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties. (UK Code Principle D)</p>	<p>The Board of Directors receives regular reports from the Investment Manager in relation to shareholder engagement as part of an extensive investor relations programme.</p> <p>Shareholders are encouraged to attend the Annual General Meeting (“AGM”), where the Board of Directors presents on investment performance and strategy.</p> <p>Whenever physical attendance is not possible, measures are put in place for shareholders to submit any questions to the Board of Directors and the Investment Manager in advance of the meeting).</p> <p>Shareholders are invited to attend various webinars and presentations, where the Investment Manager provide an update of the Company's performance and the stock market.</p> <p>Stakeholders are also able to access and review all key Company literature on its website (www.veil-dragoncapital.com).</p> <p>Questions may be directed to the Board of Directors or the Investment Manager, via the registered office or a dedicated email address (veil@dragoncapital.com).</p> <p>The Investment Manager also reports to the Board of Directors regularly on its broader stakeholder engagement, as set out under Relations with stakeholders on page 35.</p>
<p>E. [Intentionally left blank]*</p>	
<p>F. The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information. (UK Code Principle F)</p>	<p>The Chair of the Company encourages active participation at Board meetings, including setting the agenda items for discussion.</p> <p>The Board of Directors receives a comprehensive suite of regular information, including in-depth reports from the Investment Manager of performance, attribution, transactions and exposures on a monthly and quarterly basis.</p> <p>The quarterly Board meetings also include detailed reports on the financial and operational activities of the Investment Manager and the Dragon Capital group, including costs, liquidity, risk, investor relations, PR, IT, regulatory, legal and compliance matters and HR.</p> <p>At these meetings, the Investment Manager also provides a quarterly update on environmental, social and governance (“ESG”) integration, which is a standing agenda item.</p> <p>The Board also invites relevant service providers to present their activities and insights including the Company's broker, fund administrator, and auditor.</p> <p>Furthermore, Board meetings provide the opportunity for the Chairs of each Committee to present a summary of the activities of their Committee, with minutes from the meetings included in the Board papers.</p>

* In accordance with the AIC Code, Principle E from the UK Code is not relevant for externally managed investment companies.

5. Corporate Governance Statement (Continued)

AIC Code Principle	VEIL's application
<p>G. The board should consist of an appropriate combination of directors (and, in particular, independent non-executive directors) such that no one individual or small group of individuals dominates the board's decision making. (Incorporates relevant content from UK Code Principle G)</p>	<p>The Board of Directors has delegated responsibility to key Committees, as well as engaging the Investment Manager under a formal investment management and services agreement.</p> <p>As at 31 December 2022, the Board of Directors comprised an Independent Non-executive Chair and four Independent Non-executive Directors, each of whom is independent of the Investment Manager, and one Non-Independent Non-executive Director.</p> <p>There is a clear division of responsibilities between the Board of Directors and the Investment Manager.</p> <p>As such, the Board of Directors considers that its decision making is not dominated by an individual or small group of individuals.</p>
<p>H. Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold third party service providers to account. (Incorporates relevant content from UK Code Principle H)</p>	<p>The Directors of the Company consider they have sufficient time to meet their Board responsibilities.</p> <p>The Board of Directors meet quarterly to discuss the Company's activities with the Investment Manager.</p> <p>At such meetings, the Board of Directors has the opportunity to provide constructive challenge and strategic guidance in relation to both the Company's and its service providers' performance and methods through direct communication with the Investment Manager.</p> <p>The Board of Directors carries out a formal review of its service providers' performance (including the Investment Manager) on an annual basis.</p>
<p>I. The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently. (UK Code Principle I)</p>	<p>Maples Secretaries (Cayman) Limited provides company secretarial services to the Company and, together with external specialist advisors, ensures that Board of Directors procedures and any applicable rules and regulations are observed.</p> <p>Such services also include advice and support to the Board of Directors on all governance matters and on the discharge of their duties as Directors of the Company.</p> <p>The Directors of the Company are able to take independent external professional advice to assist with the performance of their duties at the Company's expense.</p>

5. Corporate Governance Statement (Continued)

AIC Code Principle	VEIL's application
<p>J. Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. (Incorporates relevant content from UK Code Principle J)</p>	<p>The Nomination and Remuneration Committee is responsible for proposing candidates for appointment to the Board of Directors and for overseeing the recruitment process.</p> <p>The Nomination and Remuneration Committee comprises of only Independent Directors.</p> <p>The Nomination and Remuneration Committee applies principles of independence, transparency and objectivity in the recruitment of any new Director, and promotes diversity and balance in terms of gender, ethnicity, and professional backgrounds. All appointments are based on merit, with a focus on identifying and seeking the required skills, expertise and experience that is needed to supplement the existing Board.</p>
<p>K. The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed. (UK Code Principle K)</p>	<p>The varying backgrounds and wide-ranging experience of the Directors of the Company, including in the investment and financial services sectors, commercial businesses and academia, ensures broad cognitive diversity, which is viewed as key in assisting effective challenge and discipline.</p> <p>Biographies of the Board of Directors are set out on pages 50 to 51 and demonstrate the strength of experience in the areas required to provide effective strategic leadership and appropriate governance of the Company.</p> <p>The Board of Directors seeks to ensure an appropriate balance between continuity and experience, and the positive benefits of refreshing membership and the development of a diverse Board.</p> <p>During the year ended 31 December 2022, one new Independent Non-executive Director was appointed.</p>
<p>L. Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively. (UK Code Principle L)</p>	<p>The Board of Directors conducts an annual review of its performance and that of its individual Director at its year-end Board meeting.</p> <p>During this annual review, evaluation is made of, and consideration is given to, the effectiveness of the Board of Directors' current methods of working, both with itself, and with the Investment Manager.</p> <p>Practical issues are highlighted and a collaborative approach is used with the Investment Manager to seek improvement in areas where it is deemed to be beneficial.</p>

5. Corporate Governance Statement (Continued)

AIC Code Principle	VEIL's application
<p>M. The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of external audit functions and satisfy itself on the integrity of financial and narrative statements. (Incorporates relevant content from UK Code Principle M)</p>	<p>The Board of Directors has delegated the assessment of the external audit function and the review of the integrity of the Annual Report and Interim Report to the Audit and Risk Committee.</p> <p>KPMG has been the Company's external auditor since 2008 and the Audit and Risk Committee has undertaken an assessment of KPMG's performance in respect of the annual statutory audit of the Company for the year ended 31 December 2022, which concluded that KPMG had performed satisfactorily (see "External Auditor" in the Report of the Audit and Risk Committee on pages 46 to 49).</p> <p>The Audit and Risk Committee also performed a detailed review of the 2021 Annual Report, the 2022 Interim Report and this 2022 Annual Report, as well as reviewing supporting papers from the Investment Manager and other service providers, in order to ensure the integrity of the statements. The activities of the Audit and Risk Committee can be found in the Report of the Audit and Risk Committee on pages 46 to 49.</p>
<p>N. The board should present a fair, balanced and understandable assessment of the company's position and prospects. (UK Code Principle N)</p>	<p>The Audit and Risk Committee reviewed the financial and narrative statements in the 2022 Interim Report and 2022 Annual Report, as well as supporting papers and evidence from the Investment Manager in relation to this area.</p> <p>The Audit and Risk Committee concluded that the published reports were consistent with the 'fair, balanced and understandable' requirement and advised the Board of Directors accordingly.</p> <p>The Board of Directors considered the Audit and Risk Committee's advice and performed its own review before reaching the same conclusion.</p>
<p>O. The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives. (UK Code Principle O)</p>	<p>Day-to-day risk management is undertaken by the Investment Manager and overseen by the Audit and Risk Committee which receives detailed reports quarterly on the risk management and internal control functions.</p> <p>The Dragon Capital group's systems of internal control are administered by the Investment Manager and designed to manage as far as possible the principal risks of the Company.</p> <p>Further information can be found in the Principal Risks and Uncertainties and Viability Statement sections in this Corporate Governance Statement on pages 36 to 37 and in the Report of the Audit and Risk Committee on pages 46 to 49.</p>

5. Corporate Governance Statement (Continued)

AIC Code Principle	VEIL's application
<p>P. Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. (Incorporates relevant content from UK Code Principle P)</p>	<p>The Directors' remuneration policy is in accordance with the provisions of the UK Code for Non-executive Directors' remuneration.</p> <p>The Directors of the Company receive fixed fees without any performance related elements.</p> <p>The Nomination and Remuneration Committee also has oversight of the Company's remuneration policies and practices, and seeks to ensure these are tied to the strategy and long-term sustainable success of the Company.</p>
<p>Q. A formal and transparent procedure for developing policy on remuneration should be established. No director should be involved in deciding their own remuneration outcome. (Incorporates relevant content from UK Code Principle Q)</p>	<p>As set out in the Directors' Remuneration Report disclosed in this Corporate Governance Statement, the Directors of the Company are paid on a fixed-fee basis, as recommended by the Nomination and Remuneration Committee, and approved by the Board of Directors.</p> <p>Dominic Scriven O.B.E has permanently waived his rights to receive Directors' fees for his services as a Director of the Company.</p>
<p>R. Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances. (UK Code Principle R)</p>	<p>The Directors of the Company are remunerated on the basis of a flat standard fee supplemented by additional Committee membership and chairmanship fees.</p> <p>There are no performance-related aspects to Directors' remuneration.</p>

5. Corporate Governance Statement (Continued)

Table 2: Board Diversity Data Collection

(a) Table for reporting on gender identity or sex

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management*	Percentage of executive management*
Men	2	33.33%	1	N/A	N/A
Women	4	66.67%	1	N/A	N/A

(b) Table for reporting on ethnic background

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management*	Percentage of executive management*
White British or other White (including minority-white groups)	4	66.67%	2	N/A	N/A
Mixed/Multiple Ethnic Groups					
Asian/Asian British	2	33.33%	0	N/A	N/A
Black/African/Caribbean/Black British					
Other ethnic group, including Arab					
Not specified/prefer not to say					

* There are no executive positions within the Company.

6. Report of the Audit and Risk Committee

Composition

The Audit and Risk Committee is chaired by Entela Benz-Saliasi and its members include Sarah Arkle and Low Suk Ling who were all Independent, Non-executive Directors.

The Audit and Risk Committee met twice during the year under review. Table 1 on page 49 in the Report of the Audit and Risk Committee shows the attendees of the Audit and Risk Committee meetings.

The Company's Auditors and Investment Manager's representatives were invited to attend meetings as necessary.

In the opinion of the Board, the Audit and Risk Committee of the Company complies with the recommendations and requirements of the AIC Code of Corporate Governance (the "AIC Code") 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 assesses the prospects of the Company and principal risks and uncertainties 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 interim reports, interim management statements and any other formal announcement relating to its financial performance and review significant financial reporting issues and judgments which they contain.

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

Risk

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

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

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

Internal Controls and Risk Management Systems

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

Internal Audit

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

The Audit and Risk Committee had also reviewed the ESG market practice and climate change related risks during the reporting year. In particular, the Company was asked to switch from ESG score level to ESG KPI disclosure. In addition, it will implement to benchmark transition risk to local and EM benchmarks.

External Audit

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

Conflicts

The Audit and Risk Committee shall provide oversight and guidance to the Board in relation to actual and potential conflicts of interest between the Company and any related party or provider of services to the Company.

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

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 principal risks and uncertainties faced by the Company.

This process, together with key procedures established with a view to providing effective and efficient financial control, has been in place throughout the year ended 31 December 2022.

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

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

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

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

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

External Auditor

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

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

KPMG Limited (“KPMG”) was first appointed as the Company’s external auditor in 2008 and during the audit tenure from 2008 to 2022, four audit partners have been rotated to perform the service.

KPMG’s rotation policies are consistent with the Code of Ethics of the International Ethics Standards Board for Accountants (the “IESBA”) and require the firm to comply with any stricter applicable rotation requirement.

The firm’s partners are subject to periodic rotations of their responsibilities for audit clients under applicable laws, regulations, independence rules and KPMG International policy.

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

During the reporting period, a new partner has been assigned to audit the Company’s financial statements and processes.

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

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

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

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

- 2022: US\$114,655 (including fees of FRC's inspection: US\$32,400)
- 2021: US\$82,000

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

The Financial Reporting Council (the "FRC") in the UK performed a routine review of the audit of the financial statements of the Company for the year ended 31 December 2020.

The FRC's assessment for the audit work of the external auditor, i.e. KPMG, was concluded with no key findings arising from the review.

Audit Review

The Audit and Risk Committee reviewed the performance and qualification of the external auditor every year as part of good corporate governance.

The conclusion remains that there are limited choices for auditors in Vietnam with relevant experience and that KPMG is the only FRC qualified auditor in Vietnam.

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

The Audit and Risk Committee conducted a tender process in order to make recommendations to the Board of Directors regarding which external auditor should be appointed for the Company going forward.

The Audit and Risk Committee engaged with various audit firms as a potential replacement, however, only one audit firm responded positively.

The Audit and Risk Committee noted that the candidate was presently the internal auditor of the Dragon Capital group which could pose a conflict of interest.

In addition, the candidate's Vietnam office is not yet approved by the FRC.

As such the VEIL board is satisfied that there are no independence concerns.

In addition, the balance of fees paid to the auditor is reasonable and that the VEIL has a track record of disclosing the appropriate information about these services in its filings.

The Audit and Risk Committee reviews the effectiveness and efficiency of the audit provided by KPMG and remains satisfied with the effectiveness and efficiency of the audit.

The Board of Directors accepted and approved this conclusion at a board meeting held shortly after the relevant Audit and Risk Committee meeting.

The re-appointment of KPMG was proposed at the next AGM held on 14 July 2022 and the resolution was passed.



Entela Benz-Saliasi
Chair of the Audit and Risk Committee
Vietnam Enterprise Investments Limited
25 April 2023

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

Table 1: Attendance of the Board and the Committees Meetings for the Year Ended 31 December 2022

Director	Board meetings	ARC meetings	MEC meetings	NRC meetings
Gordon Lawson	4/4	1/2	2/2	
Entela Benz-Saliasi	4/4	2/2		3/3
Vi Peterson	4/4		2/2	3/3
Low Suk Ling	4/4	2/2		3/3
Sarah Arkle	4/4	1/2	1/2	
Dominic Scriven O.B.E	4/4			
Stanley Chou	2/4		1/2	

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

On 30 June 2022, Stanley Chou stepped down as the Chair of the Company and resigned from the Board. Gordon Lawson replaced Stanley Chou as the Chair of the Company. Entela Benz-Saliasi replaced Gordon Lawson as the senior independent non-executive director.

On 1 July 2022, the Board Committees were reconstituted as follows:

Committee	Chair	Member	Member
Audit and Risk	Entela Benz-Saliasi	Sarah Arkle	Low Suk Ling
Management Engagement	Sarah Arkle	Gordon Lawson	Vi Peterson
Nomination and Remuneration	Vi Peterson	Entela Benz-Saliasi	Low Suk Ling



7. Board of Directors

Chair & Independent Non-Executive Director

(Appointed July 2014 / Chari from July 2022)

Gordon Lawson

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



Senior Independent Non-executive Director

Chair of the Audit and Risk Committee

(Appointed May 2019 / Senior INED from July 2022)

Entela Benz-Saliasi

Ms. Benz-Saliasi holds a PhD in Financial Asset Management and Engineering. She has served as Adjunct Associate Professor at Department of Finance, HKUST Business School in Hong Kong for more than 13 years. Alongside teaching, she has been acting as a consultant for Impact and ESG Investing since 2007. She has done extensive industry work on the value of ESG and Climate Risk on company financial performance. She is the founder and CEO of Intensel, a fintech company that leveraged AI/ML and geospatial data for assessing climate risks. She sits on various boards in Hong Kong and the Philippines. As a financial professional she worked in the Investment bank and hedge fund industry before moving into a more academic role. In that role, she acquired comprehensive experience in analyzing financial statements, accounting policies, practices, and governance.

Independent Non-executive Director

Chair of the Nomination and Remuneration Committee

(Appointed April 2018)

Vi Peterson

Vi is an international business consultant based in Melbourne Australia, with extensive experience across a diverse range of senior management roles and non-executive directorships in the private sector, public sector (trade diplomacy) and not-for-profit / university sector. She came back in 1993 to establish the ANZ Bank's greenfield operations in Vietnam. She later served as Australia's Senior Trade Commissioner to Vietnam until 1999. In 2000 she established a consultancy firm specialising in the provision of strategic advice to companies operating in emerging markets, helping them to navigate the complex political, cultural and regulatory environment in Asia. Concurrently until 2021, she was the co-founder and Executive Director of The Alliance for Safe Children, a US not-for-profit corporation with a global mission to reduce the rising toll of child mortality arising from preventable injuries in Asia by advocating and raising funds for prevention program with governments and institutional donors.



7. Board of Directors (Continued)

Independent Non-executive Director

(Appointed July 2021)

Low Suk Ling

Suk Ling currently serves as General Counsel for Marsh McLennan Asia, the largest operating company of Marsh & McLennan Companies, a global professional services firm with business in risk management, insurance and investment advising. In this role, she looks after legal and compliance at Marsh and Mercer in Asia.



Independent Non-executive Director

Chair of the Management Engagement Committee

(Appointed January 2022)

Sarah Arkle

Sarah Arkle is an investment professional with over thirty years' experience. Originally working for Save and Prosper Group and WI Carr (Overseas) Ltd, she joined Threadneedle Asset Management (now Columbia Threadneedle) in 1983. She held various positions there, including ten years as Chief Investment Officer, before retiring in 2011. Since 2011 Sarah has been a member of the Prince's Trust Women Supporting Women Group and was a non-Executive Director of F&C Investment Trust and Chair of JPMorgan Emerging Markets Investment Trust.

Non-executive Director

(Appointed May 1995)

Dominic Scriven O.B.E

Dominic graduated from Exeter University in 1985 with a degree in Law and Sociology. Shortly thereafter, he went to Hong Kong, where he worked in fund management and broking with M&G, Sun Hung Kai, Citicorp and Peregrine. In 1991 he moved to Hanoi and studied Vietnamese for two years before co-founding Dragon Capital in 1994. Dominic was awarded an OBE in 2006 for his contribution to relations between the UK and Vietnam. For his work in developing the country's capital markets, the HCMC People's Committee gave him a Recognition Award in 2008, and the President of Vietnam bestowed a Labor Order, Third Class on him in 2014. His interests and passions range from Vietnamese art – to biodiversity and eliminating the illegal trade in wildlife.



8. Annual General Meeting

Annual General Meeting Summary

The Board of Directors of the Company announced that at the Annual General Meeting of the Company held on 14 July 2022 (the “2022 AGM”), the resolutions numbered 1 to 9 in the notice of meeting for the 2022 AGM were passed by the required majority on a poll vote.

Ordinary Resolutions

To receive and adopt the audited financial statements for the year ended 31 December 2021 together with the auditor’s and Directors’ reports thereon..

- (1) To re-appoint KPMG Limited of Vietnam as auditor of the Company and to authorise the Board to fix their remuneration.
- (2) To re-elect Gordon Lawson as a Director of the Company.
- (3) To re-elect Vi Peterson as a Director of the Company.
- (4) To re-elect Entela Benz-Saliasi as a Director of the Company.
- (5) To re-elect Low Suk Ling as a Director of the Company.
- (6) To elect Sarah Arkle as a Director of the Company.
- (7) 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 par value each provided that:

- (i) the maximum aggregate number of Ordinary Shares that may be purchased is 14.99 per cent. of issued and outstanding share capital as at 31 May 2022 (i.e. 31,302,245 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 Technical Standards referred to in Article 5 (6) of the UK Market Abuse Regulation; and
- (iv) the authority conferred by this resolution shall expire on 31 December 2023 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.

9. Report of the Board of Directors

The Directors of Vietnam Enterprise Investments Limited (“the Company”) present their report and the audited financial statements of the Company for the year ended 31 December 2022.

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 2022 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 2022 (2021: Nil).

Share Capital

Details of movements in the Company’s share capital during the year are presented in Note 8. As at 31 December 2022, the Company had 206,725,678 Ordinary Shares and 1,000 Management Shares outstanding (31 December 2021: 213,533,847 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:

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

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”). Save for Stanley Chou, who resigned from the Board effective 30 June 2022, all of the Independent Non-executive Directors were duly re-appointed at the AGM held on 14 July 2022 following the expiry of their respective terms. Dominic Scriven O.B.E also submitted himself for re-election and was duly re-appointed.

Directors’ Rights to Acquire Shares or Debentures

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

Directors’ Interests in Shares

Dominic Scriven O.B.E, a Non-executive Director of the Company, is a beneficial shareholder of the Company, holding 86,423 Ordinary Shares of the Company as at 31 December 2022 (31 December 2021: 36,423 Ordinary Shares).

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 Dragon Capital Management (HK) Limited, which is the Investment Manager of the Company and Dragon Capital Markets Limited. As at 31 December 2022, Dragon Capital Markets Limited beneficially held 1,685,359 Ordinary Shares of the Company for investment and proprietary trading purposes (31 December 2021: 1,010,359 Ordinary Shares).

Gordon Lawson, Chair of the Company, is a beneficial shareholder of the Company, holding 25,000 Ordinary Shares of the Company as at 31 December 2022 (31 December 2021: 25,000 Ordinary Shares).

Sarah Arkle, an Independent Non-executive Director, is a beneficial shareholder of the Company, holding 9,696 Ordinary Shares of the Company as at 31 December 2022 (31 December 2021: 4,696 Ordinary Shares).

9. Report of the Board of Directors (Continued)

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

There were no 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 2022, the following shareholders owned more than 10 percent of the Company's issued Ordinary Share capital:

Inter Fund Management S.A.

- Number of Ordinary Shares held: 27,423,467
- % of total Ordinary Shares in issue: 13.27%

Bill & Melinda Gates Foundation

- Number of Ordinary Shares held: 24,670,745
- % of total Ordinary Shares in issue: 11.93%

Subsequent Events

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

Auditors

KPMG Limited, Vietnam

Directors' Responsibility in Respect of the Financial Statements

The Board of Directors is responsible for ensuring that the financial statements of the Company are properly drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2022 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 2022 are described in the Chair's Statement and the Corporate Governance Statement. A detailed description of the principal risks and uncertainties faced by the Company are set out in the Report of the Audit and Risk Committee.

The Directors confirm to the best of their knowledge that:

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

9. Report of the Board of Directors (Continued)

- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

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

Approval of the Financial Statements

The Board of Directors hereby approves the accompanying financial statements which give a true and fair view of the financial position of the Company as at 31 December 2022, 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:



Gordon Lawson
Chair
25 April 2023



Entela Benz-Saliasi
Senior Independent Non-executive Director
25 April 2023

10. Independent Auditors' Report



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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 2022, and the statements of comprehensive income, changes in equity 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 60 to 92.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, 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 International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants ("IESBA Code") 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 2022.

10. Independent Auditors' Report (Continued)



Other Information

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

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

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

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

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

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

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

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

Auditors' Responsibility for the Audit of the Financial Statements

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

10. Independent Auditors' Report (Continued)



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

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

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

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

10. Independent Auditors' Report (Continued)



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

The engagement partner on the audit resulting in this independent auditors' report is Tran Thi Le Hang.

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

Vietnam

Audit Report No.: 22-01-00386-23-1



Tran Thi Le Hang

Deputy General Director

25 April 2023

11. Statement of Financial Position

As at 31 December 2022

	Note	31 December 2022 US\$	31 December 2021 US\$	Change in %
CURRENT ASSETS				
Financial assets at fair value through profit or loss	5(i)	1,618,524,206	2,602,412,178	
Other receivables		666,012	1,686,695	
Balances due from brokers		1,883,932	1,232,092	
Cash and cash equivalents	6	14,488,971	9,853,132	
TOTAL ASSETS		1,635,563,121	2,615,184,097	(37.46)
CURRENT LIABILITIES				
Balances due to brokers		10,230,853	4,209,904	
Accounts payable and accruals	7	2,750,517	3,996,271	
TOTAL LIABILITIES		12,981,370	8,206,175	58.19
EQUITY				
Issued share capital	8	2,067,265	2,135,347	
Share premium	8	448,805,801	509,842,442	
Retained earnings		1,171,708,685	2,095,000,133	
TOTAL EQUITY		1,622,581,751	2,606,977,922	(37.76)
TOTAL LIABILITIES AND EQUITY		1,635,563,121	2,615,184,097	(37.46)
NUMBER OF ORDINARY SHARES IN ISSUE				
	8	206,725,678	213,533,847	
NET ASSET VALUE PER ORDINARY SHARE				
	9	7.85	12.21	(35.71)

Approved by the Board of Directors on 25 April 2023.



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

The accompanying notes are an integral part of these financial statements

12. Statement of Comprehensive Income

For the year ended 31 December 2022

	Note	2022 US\$	2021 US\$
INCOME			
Interest income		114,291	22,395
Dividend income		9,663,187	7,505,712
Net changes in fair value of financial assets at fair value through profit or loss	5(ii)	(891,697,124)	721,527,436
Gains on disposals of investments		4,865,100	157,569,945
TOTAL INCOME		(877,054,546)	886,625,488
EXPENSES			
Administration fees	10	(1,282,084)	(1,382,403)
Custody fees	10	(1,005,938)	(985,863)
Directors' fees	10	(287,500)	(189,090)
Management fees	10	(36,552,469)	(40,552,937)
Legal and professional fees		(669,043)	(849,392)
Brokerage fees		(100,000)	(100,000)
Finance costs		(1,827,256)	(3,222,924)
Withholding taxes		(5,119)	(2,381)
Other operating expenses		(122,697)	(103,883)
TOTAL EXPENSES		(41,852,106)	(47,388,873)
NET (LOSS)/PROFIT BEFORE EXCHANGE GAINS		(918,906,652)	839,236,615
EXCHANGE GAINS			
Net foreign exchange (losses)/gains		(4,384,796)	728,717
(LOSS)/PROFIT BEFORE TAX		(923,291,448)	839,965,332
Income tax	11	-	-
NET (LOSS)/PROFIT AFTER TAX FOR THE YEAR		(923,291,448)	839,965,332
OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(923,291,448)	839,965,332
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR ATTRIBUTABLE TO ORDINARY SHAREHOLDERS		(923,291,448)	839,965,332
BASIC (LOSSES)/EARNINGS PER ORDINARY SHARE	12	(4.42)	3.90

The accompanying notes are an integral part of these financial statements

13. Statement of Changes in Equity

For the year ended 31 December 2022

	Issued Share Capital US\$	Share Premium US\$	Retained Earnings US\$	Total US\$
Balance at 1 January 2021	2,169,360	542,487,042	1,255,034,801	1,799,691,203
Total comprehensive income for the year:				
Net profit for the year	-	-	839,965,332	839,965,332
Transactions with shareholders, recognised directly in equity:				
Repurchase of Ordinary Shares	(34,013)	(32,644,600)	-	(32,678,613)
Balance at 1 January 2022	2,135,347	509,842,442	2,095,000,133	2,606,977,922
Total comprehensive income for the year:				
Net loss for the year	-	-	(923,291,448)	(923,291,448)
Transactions with shareholders, recognised directly in equity:				
Repurchase of Ordinary Shares	(68,082)	(61,036,641)	-	(61,104,723)
Balance at 31 December 2022	2,067,265	448,805,801	1,171,708,685	1,622,581,751

The accompanying notes are an integral part of these financial statements

14. Statement of Cash Flows

For the year ended 31 December 2022

	Note	2022 US\$	2021 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit for the year		(923,291,448)	839,965,332
Adjustments for:			
Interest income		(114,291)	(22,395)
Interest expense		702,256	1,722,924
Dividend income		(9,663,187)	(7,505,712)
Net changes in fair value of financial assets at fair value through profit or loss		891,697,124	(721,527,436)
Gains on disposals of investments		(4,865,100)	(157,569,945)
		(45,534,646)	(44,937,232)
Net cash flows from subsidiaries and joint ventures carried at fair value		46,610,750	77,527,696
Changes in other receivables and balances due from brokers		(651,840)	(1,232,092)
Changes in balances due to brokers and accounts payable and accruals		4,775,195	5,237,023
		5,199,459	36,595,395
Proceeds from disposals of investments		715,502,831	561,091,049
Purchases of investments		(665,057,633)	(584,961,158)
Interest received		114,291	22,395
Interest paid		(702,256)	(1,722,924)
Dividends received		10,683,870	6,737,391
Net cash generated from operating activities		65,740,562	17,762,148
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		160,000,000	420,000,000
Repayments of borrowings		(160,000,000)	(420,000,000)
Repurchase of Ordinary Shares		(61,104,723)	(32,678,613)
Net cash used in financing activities		(61,104,723)	(32,678,613)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		4,635,839	(14,916,465)
Cash and cash equivalents at the beginning of the year		9,853,132	24,769,597
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6	14,488,971	9,853,132

The accompanying notes are an integral part of these financial statements

15. Notes to the Financial Statements

For the year ended 31 December 2022

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

1. THE COMPANY

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

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

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

The Company had the following investments in subsidiaries and joint venture as at 31 December 2022, for the purpose of investment holding:

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

Joint operation	Country of incorporation	Principal activities	% ownership
Dragon Financial Holdings Limited	British Virgin Islands	Investment holding	90.16%

As at 31 December 2022 and 31 December 2021, the Company had no employees.

2. BASIS OF PREPARATION

(a) Statement of compliance

The Company’s financial statements for the year ended 31 December 2022 have been prepared in accordance with IFRS.

(b) Basis of measurement

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

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

(c) Functional and presentation currency

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

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

(d) Use of estimates and judgments

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

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

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

Assessment as investment entity

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

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

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

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

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

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

Fair value of financial instruments

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

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

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

Impairment of financial assets

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

(e) Going concern

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Subsidiaries and joint operation

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

Joint venture is a joint arrangement whereby the Company has joint control and rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Company is an investment entity and measures investments in its subsidiaries and joint ventures 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 and joint venture 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 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.

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

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

(c) Financial assets and financial liabilities

(i) Recognition and initial measurement

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

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

(ii) Classification and subsequent measurement

Classification of financial assets

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

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

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

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

Business model assessment

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

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

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

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

The Company has determined that it has two business models:

- *Held-to-collect business model:* this includes cash and cash equivalents, balances due from brokers and other receivables. These financial assets are held to collect contractual cash flows.
- *Other business model:* this includes directly held investments and investments in subsidiaries and joint ventures. 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).

Reclassifications

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

Subsequent measurement of financial assets

- *Financial assets at FVTPL*

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

Financial assets at FVTPL include directly held investments and investments in subsidiaries and joint ventures.

- *Financial assets at amortised cost*

These assets are subsequently measured at amortised cost using the effective interest method. Interest income 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.

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

Financial liabilities – Classification, subsequent measurement and gains and losses

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

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

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

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

Financial liabilities measured at amortised cost include balances due to brokers 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.

(iv) Amortised cost measurement

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

(v) Impairment

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

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

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

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

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

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

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

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

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

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

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

Measurement of ECLs

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

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

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

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECLs in the statement of financial position

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

Write-off

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

(vi) Derecognition

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

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

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

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

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

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

(vii) Offsetting

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

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

(d) Cash and cash equivalents

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

(e) Share capital

Issuance of share capital

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

Repurchase of Ordinary Shares

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

(f) Segment reporting

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

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

(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 listed equity securities, this is usually the ex-dividend date. For unlisted equity securities, this is usually the date on which the shareholders approve the payment of a dividend.

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

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

Net income from financial assets 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.

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

(k) Expenses

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

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

The Company presents basic earnings per share ("EPS") for its Ordinary Shares. Basic EPS is calculated by dividing net profit or loss attributable to the Ordinary Shareholders by the weighted average number of Ordinary Shares outstanding during the year. The Company did not have potentially dilutive shares as of 31 December 2022 and 2021.

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) A person, or a close member of that person's family, is related to the Company if that person:

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company.

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

(b) An entity is related to the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) The entity and the Company are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company.

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

(n) Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Company has not early adopted the new or amended standards that may be relevant in preparing these financial statements.

The following applicable new and amended standards and interpretation are not expected to have a significant impact on the Company's financial statements.

- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2;
- Definition of Accounting Estimates – Amendments to IAS 8;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12; and
- Classification of Liabilities as Current or Non-Current – Amendments to IAS 1.

4. TRANSACTIONS WITH RELATED PARTIES

Dominic Scriven O.B.E, a non-executive Director, is a beneficial shareholder of the Company, holding 86,423 Ordinary Shares of the Company as at 31 December 2022 (31 December 2021: 36,423 Ordinary Shares). Dominic Scriven O.B.E also has indirect interests in the share capital of the Company as he is a shareholder of Dragon Capital Group Limited, the parent company of Dragon Capital Limited which holds the Management Shares of the Company. Dragon Capital Group Limited is also the ultimate parent company of Dragon Capital Management (HK) Limited, which is the Investment Manager of the Company, and Dragon Capital Markets Limited. As at 31 December 2022, Dragon Capital Markets Limited beneficially held 1,685,359 Ordinary Shares of the Company for investment and proprietary trading purposes (31 December 2021: 1,010,359 Ordinary Shares).

Gordon Lawson, Chair of the Company, is a beneficial shareholder of the Company, holding 25,000 Ordinary Shares of the Company as at 31 December 2022 (31 December 2021: 25,000 Ordinary Shares).

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

Sarah Arkle, an Independent Non-executive Director, is a beneficial shareholder of the Company, holding 9,696 Ordinary Shares of the Company as at 31 December 2022 (31 December 2021: 4,696 Ordinary Shares).

During the year, the Directors, with exception of Dominic Scriven O.B.E, earned US\$287,500 (2021: US\$189,090) for their participation in the Board of Directors of the Company.

During the year, total broker fees paid to Ho Chi Minh City Securities Corporation – an associate of Dragon Capital Group Limited and one of the securities brokers of the Company and its subsidiaries – amounted to US\$964,829 (2021: US\$671,844). As at 31 December 2022, the broker fee payable to this broker was US\$11,765 (31 December 2021: US\$4,477).

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	31 December 2022 US\$	31 December 2021 US\$
Directly held investments (a)	691,582,819	1,137,326,975
Investments in subsidiaries and joint ventures (b)	926,941,387	1,465,085,203
	1,618,524,206	2,602,412,178

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

	31 December 2022 US\$	31 December 2021 US\$
Listed equity investments:		
At cost	609,474,199	700,877,999
Unrealised gains	33,328,132	436,448,976
At carrying value	642,802,331	1,137,326,975
Unlisted investments:		
At cost	49,586,064	3,762,362
Unrealised losses	(805,576)	(3,762,362)
At carrying value	48,780,488	-
	691,582,819	1,137,326,975

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

	31 December 2022 US\$	31 December 2021 US\$
Opening balance	1,137,326,975	769,940,680
Purchases	665,057,633	584,961,158
Sales	(710,637,731)	(403,521,104)
Unrealised (losses)/gains	(400,164,058)	185,946,241
Closing balance	691,582,819	1,137,326,975

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

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

The net assets of the Company's subsidiaries and joint ventures comprised:

	31 December 2022 US\$	31 December 2021 US\$
Financial assets at fair value through profit or loss (c)	920,080,847	1,455,238,030
Other receivables	1,190,577	1,417,772
Balances due from brokers	4,637,370	3,730,792
Cash and cash equivalents	8,419,685	4,698,609
Total assets	934,328,479	1,465,085,203
Balances due to brokers	7,387,092	-
Total liabilities	7,387,092	-
Net assets	926,941,387	1,465,085,203

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

	31 December 2022 US\$	31 December 2021 US\$
Opening balance	1,465,085,203	1,007,031,704
Net cash flows from subsidiaries and joint ventures	(46,610,750)	(77,527,696)
Fair value movements in investments in subsidiaries and joint ventures	(491,533,066)	535,581,195
Closing balance	926,941,387	1,465,085,203

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

	31 December 2022 US\$	31 December 2021 US\$
Listed equity investments:		
At cost	701,740,542	733,697,244
Unrealised gains	218,340,305	721,540,786
At carrying value	920,080,847	1,455,238,030

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

Movements of investments held by the subsidiaries and joint ventures of the Company during the year were as follows:

	31 December 2022	31 December 2021
	US\$	US\$
Opening balance	1,455,238,030	983,928,129
Purchases	645,324,861	569,500,379
Sales	(677,281,563)	(386,253,924)
Capital redemption by investee company	-	(43,046,070)
Unrealised (losses)/gains	(503,200,481)	331,109,516
Closing balance	920,080,847	1,455,238,030

Investment portfolio by sector was as follows:

	31 December 2022		31 December 2021	
	US\$	%	US\$	%
Banking	627,916,500	39	930,989,729	36
Real Estate & Construction	360,597,434	22	726,542,405	28
Material & Resources	139,133,224	9	347,931,918	13
Retail	129,465,431	8	250,350,072	10
Diversified Financials	97,330,605	6	110,950,794	4
Software & Services	76,411,937	5	111,191,175	4
Consumer Durables	57,515,042	4	43,307,640	2
Energy	72,156,059	4	31,876,434	1
Food & Beverages	29,002,780	2	13,801,493	1
Transportation	22,134,654	1	25,623,344	1
Net monetary assets kept by subsidiaries and joint ventures	6,860,540	-	9,847,174	-
	1,618,524,206	100	2,602,412,178	100

(d) Restrictions

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

(e) Support

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

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

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

	2022 US\$	2021 US\$
Unrealised (losses)/gains of investments directly held by the Company	(400,164,058)	185,946,241
Fair value movements in investments in subsidiaries and joint ventures	(491,533,066)	535,581,195
	(891,697,124)	721,527,436

6. CASH AND CASH EQUIVALENTS

	31 December 2022 US\$	31 December 2021 US\$
Cash in banks	14,488,971	9,853,132

7. ACCOUNTS PAYABLE AND ACCRUALS

	31 December 2022 US\$	31 December 2021 US\$
Management fees	2,514,533	3,670,990
Administration fees	173,984	263,281
Other payables	62,000	62,000
	2,750,517	3,996,271

8. ISSUED SHARE CAPITAL AND SHARE PREMIUM

	31 December 2022 US\$	31 December 2021 US\$
Authorised:		
500,000,000 Ordinary Shares at par value of US\$0.01 each	5,000,000	5,000,000
300,000,000 Conversion Shares at par value of US\$0.01 each	3,000,000	3,000,000
1,000 Management Shares at par value of US\$0.01 each	10	10
	8,000,010	8,000,010
Issued and fully paid:		
220,920,746 Ordinary Shares at par value of US\$0.01 each (31 December 2021: 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	(141,952)	(73,870)
Shares in circulation:		
Ordinary Shares	2,067,255	2,135,337
Management Shares	10	10
Outstanding issued share capital in circulation	2,067,265	2,135,347

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

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

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

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

During the year, no Conversion Shares were in issue, and no Conversion Shares were in issue as at 31 December 2022 and 2021.

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

As at 31 December 2022 and 2021, the following shareholder owned more than 10% of the Company's issued Ordinary Share capital:

	31 December 2022		31 December 2021	
	Number of Ordinary Shares held	% of total Ordinary Shares in issue	Number of Ordinary Shares held	% of total Ordinary Shares in issue
Inter Fund Management S.A.	27,423,467	13.27	26,491,515	12.41
Bill & Melinda Gates Foundation	24,670,745	11.93	25,087,859	11.75

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

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

	Year ended 31 December 2022		Year ended 31 December 2021	
	Shares	US\$	Shares	US\$
Balance at the beginning of the year	213,533,847	2,135,337	216,935,108	2,169,350
Repurchase of Ordinary Shares during the year	(6,808,169)	(68,082)	(3,401,261)	(34,013)
Balance at the end of the year	206,725,678	2,067,255	213,533,847	2,135,337

Movements in share premium during the year were as follows:

	Year ended 31 December 2022		Year ended 31 December 2021	
	US\$		US\$	
Balance at the beginning of the year	509,842,442		542,487,042	
Repurchase of Ordinary Shares during the year	(61,036,641)		(32,644,600)	
Balance at the end of the year	448,805,801		509,842,442	

9. NET ASSET VALUE PER ORDINARY SHARE

The calculation of the NAV per Ordinary Share was based on the equity of the Company as at 31 December 2022 of US\$1,622,581,753 (31 December 2021: US\$2,606,977,922) and the number of outstanding Ordinary Shares in issue as at that date of 206,725,678 shares (31 December 2021: 213,533,847 shares).

10. FEES

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

Administration fees

Standard Chartered Bank (the "Administrator") is entitled to receive a fee of 0.048% (2021: 0.048%) of the gross assets per annum, payable monthly in arrears and subject to a minimum monthly fee of US\$4,000 per fund. During the year, total administration fees amounted to US\$1,282,084 (2021: US\$1,382,403). As at 31 December 2022, an administration fee of US\$173,984 (31 December 2021: US\$263,281) was payable to the Administrator.

Custody fees

Standard Chartered Bank (the "Custodian") is entitled to receive a fee of 0.04% (2021: 0.04%) of the assets under custody per annum, payable monthly in arrears and subject to a minimum monthly fee of US\$500 per custody account. In addition, the Custodian is entitled to US\$20 per listed transaction. During the year, total custody fees amounted to US\$1,005,938 (2021: US\$985,863). There were no custody fees payable as at 31 December 2022 and 2021.

Directors' fees

During the year, total directors' fees amounted to US\$287,500 (2021: US\$189,090). There were no directors' fees payable as at 31 December 2022 and 2021. Dominic Scriven O.B.E has permanently waived his rights to receive directors' fees for his services as Director of the Company.

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

Management fees

The management fee is calculated and accrued daily on the following basis:

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

During the year, total management fees amounted to US\$36,552,469 (2021: US\$40,552,937). As at 31 December 2022, a management fee of US\$2,514,533 (31 December 2021: US\$3,670,990) remained payable to the Investment Manager.

Audit and non-audit fees

During the year, included in the legal and professional fees of the Company were audit and related fees amounting to US\$114,655 (2021: US\$82,000) paid to the auditor, KPMG Limited. In addition, the non-audit fees payable to KPMG LLP, a network firm of KPMG Limited, were US\$30,000 in 2022 (2021: US\$30,000).

11. INCOME TAX

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

Vietnam tax

In accordance with Circular No. 103/2014/TT-BTC issued by the Ministry of Finance of Vietnam taking effective from 1 October 2014 providing guidelines on the fulfilment of tax obligations of foreign entities, foreign individuals doing business in Vietnam or earning income in Vietnam, the Company is subject to 20% capital assignment tax on net gains from the transfer of capital, not being considered as tax on gains from the transfer of securities per Vietnamese regulations, 0.1% withholding tax on proceeds of transferring securities, certificates of deposits and 5% withholding tax on the interest received from any Vietnamese entities. Dividends distributed from after-tax profits by Vietnamese investee companies to foreign corporate investors are not subject to Vietnamese withholding taxes.

Hong Kong tax

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

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

Under such circumstances, HKPT will be charged at a rate of 16.5% (2021: 16.5%) in respect of any profits which arise in or are derived from Hong Kong and which are not capital profits or exempt profits.

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

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

See Note 13(B) for further details.

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

12. BASIC (LOSSES)/EARNINGS PER ORDINARY SHARE

The calculation of basic (losses)/earnings per Ordinary Share for the year was based on the net loss for the year attributable to the Ordinary Shareholders of US\$923,291,448 (2021: net profit of US\$839,965,332) and the weighted average number of Ordinary Shares outstanding of 209,066,958 shares (2021: 215,418,418 shares) in issue during the year.

(a) Net profit attributable to the Ordinary Shareholders

	Year ended 31 December 2022 US\$	Year ended 31 December 2021 US\$
Net (loss)/profit attributable to the Ordinary Shareholders	(923,291,448)	839,965,333

(b) Weighted average number of Ordinary Shares

	Year ended 31 December 2022	Year ended 31 December 2021
Issued Ordinary Shares at the beginning of the year	213,533,847	216,935,108
Effect of Ordinary Shares repurchased during the year	(4,466,889)	(1,516,690)
Weighted average number of Ordinary Shares	209,066,958	215,418,418

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

	Year ended 31 December 2022 US\$	Year ended 31 December 2021 US\$
Basic (losses)/earnings per Ordinary Share	(4.42)	3.90

13. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY

A. Financial risk management

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

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

(a) Credit risk

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

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

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 2022 and 2021, the Company's credit risk arose principally from its other receivables, balances due from brokers and cash and cash equivalents.

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 2022 US\$	31 December 2021 US\$
Other receivables (i)	666,012	1,686,695
Balances due from brokers (i)	1,883,932	1,232,092
Cash and cash equivalents (ii)	14,488,971	9,853,132
	17,038,915	12,771,919

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 2022 and 2021, 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 2022 US\$	31 December 2021 US\$
Other receivables (i)	1,190,577	1,417,772
Balances due from brokers (i)	4,637,370	3,730,792
Cash and cash equivalents (ii)	8,419,685	4,698,609
	14,247,632	9,847,173

(i) Other receivables and balances due from brokers

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

No receivables as at 31 December 2022 and 2021 were past due.

(ii) Cash and cash equivalents

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

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

(b) Liquidity risk

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

As at 31 December 2022 and 2021, all the contractual maturities of non-derivative financial liabilities of the Company and its subsidiaries were payable within a year.

(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 2022 %	Effects on net assets 2022 US\$m	Change in index level 2021 %	Effects on net assets 2021 US\$m
Market Indices				
VN Index	68	1,082	52	1,362
VN Index	(68)	(1,082)	(52)	(1,362)

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

Interest rate risk

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

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

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.

31 December 2022	Up to 1 year US\$	1 - 5 years US\$	Non-interest bearing US\$	Total US\$
ASSETS				
Other receivables	-	-	666,012	666,012
Balances due from brokers	-	-	1,883,932	1,883,932
Cash and cash equivalents	14,488,971	-	-	14,488,971
TOTAL ASSETS	14,488,971	-	2,549,945	17,038,915
LIABILITIES				
Balances due to brokers	-	-	(10,230,853)	(10,230,853)
Accounts payable and accruals	-	-	(2,750,517)	(2,750,517)
TOTAL LIABILITIES	-	-	(12,981,370)	(12,981,370)
NET INTEREST SENSITIVITY GAP	14,488,971	-	N/A	N/A

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

A change of 100 basis points in interest rates would have increased or decreased the net assets attributable to the Ordinary Shareholders by US\$144,890 (31 December 2021: US\$98,531). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

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

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

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.

31 December 2022	Up to 1 year US\$	1 – 5 years US\$	Non-interest bearing US\$	Total US\$
ASSETS				
Other receivables	-	-	1,190,577	1,190,577
Balances due from brokers	-	-	4,637,370	4,637,370
Cash and cash equivalents	8,419,685	-	-	8,419,685
TOTAL ASSETS	8,419,685	-	5,827,947	14,247,632
LIABILITIES				
Balances due to brokers	-	-	(7,387,092)	(7,387,092)
TOTAL LIABILITIES	-	-	(7,387,092)	(7,387,092)
NET INTEREST SENSITIVITY GAP	8,419,685	-	N/A	N/A

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

A change of 100 basis points in interest rates would have increased or decreased the net assets attributable to the Company by US\$84,197 (31 December 2021: US\$46,986). 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 where necessary to address short-term imbalances.

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

The table below summarises the exposure of the Company to currency risks as at 31 December 2022 and 2021. Included in the table are the assets and liabilities categorised by their base currency.

31 December 2021 (Denominated in VND)	US\$
ASSETS	
Financial assets at fair value through profit or loss	691,582,819
Other receivables	666,012
Balances due from brokers	1,883,932
Cash and cash equivalents	12,081,117
TOTAL ASSETS	706,213,880
LIABILITIES	
Balances due to brokers	10,230,853
NET CURRENCY POSITION	695,983,027

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

As at 31 December 2022, had the US\$ strengthened or weakened by 3% (31 December 2021: 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 2021.

	Denominated in VND
	US\$
2022	20,271,350
2021	11,344,624

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

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

The table below summarises the exposure of the subsidiaries to currency risks as at 31 December 2022 and 2021. Included in the table are the assets and liabilities categorised by their base currency.

31 December 2022 (Denominated in VND)		US\$
ASSETS		
Financial assets at fair value through profit or loss		920,080,847
Other receivables		1,190,577
Balances due from brokers		4,637,370
Cash and cash equivalents		8,419,502
TOTAL ASSETS		934,328,296
LIABILITIES		
		7,387,092
NET CURRENCY POSITION		926,941,204
31 December 2021 (Denominated in VND)		US\$
ASSETS		
Financial assets at fair value through profit or loss		1,455,238,030
Other receivables		1,417,772
Balances due from brokers		3,730,792
Cash and cash equivalents		4,698,609
TOTAL ASSETS		1,465,085,203
LIABILITIES		
		-
NET CURRENCY POSITION		1,465,085,203

As at 31 December 2022, had the US\$ strengthened or weakened by 3% (31 December 2021: 1%) against VND with all other variables held constant, the net assets attributable to the Company would have been decreased or increased by the amounts shown below. This analysis was performed on the same basis as in 2021.

	Denominated in VND	US\$
2022		26,998,287
2021		14,505,794

(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.

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

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 and joint ventures, which in turn own interests in various listed and unlisted equity securities. The net asset value of the subsidiaries and joint ventures 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 assets 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 2022	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets at fair value through profit or loss				
• Listed equity investments	642,802,331	-	-	642,802,331
• Unlisted investments	-	-	48,780,488	48,780,488
• Investments in subsidiaries and joint ventures	-	926,941,387	-	926,941,387
	642,802,331	926,941,387	48,780,488	1,618,524,206
As at 31 December 2021				
As at 31 December 2021	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets at fair value through profit or loss				
• Listed equity investments	1,137,326,975	-	-	1,137,326,975
• Investments in subsidiaries and joint ventures	-	1,465,085,203	-	1,465,085,203
	1,137,326,975	1,465,085,203	-	2,602,412,178

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

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	
	2022	2021	2022	2021	2022	2021
	US\$	US\$	US\$	US\$	US\$	US\$
Opening balance	1,137,326,975	769,940,680	-	-	1,465,085,203	1,007,031,704
Purchases	615,471,569	584,961,158	-	-	49,586,064	-
Sales	(710,637,731)	(403,521,104)	-	-	-	-
Transfers	-	-	1,465,085,203	-	(1,465,085,203)	-
Net cash flows from subsidiaries and joint ventures	-	-	(46,610,750)	-	-	(77,527,696)
Unrealised (losses)/gains recognised in profit or loss	(399,358,482)	185,946,241	(491,533,066)	-	(805,576)	535,581,195
Closing balance	642,802,331	1,137,326,975	926,941,387	-	48,780,488	1,465,085,203
Total unrealised (losses)/gains for the year included in net changes in fair value of financial assets at fair value through profit or loss	(399,358,482)	185,946,241	(491,533,066)	-	(805,576)	535,581,195

The Company invests substantially all of its assets in its subsidiaries and joint ventures 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 and joint ventures.

The table below analyses the subsidiaries and joint ventures' 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 2022	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets at fair value through profit or loss				
• Listed equity investments	920,080,847	-	-	920,080,847
As at 31 December 2021				
	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets at fair value through profit or loss				
• Listed equity investments	1,455,238,030	-	-	1,455,238,030

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

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

	Level 1		Level 2		Level 3	
	2022	2021	2022	2021	2022	2021
	US\$	US\$	US\$	US\$	US\$	US\$
Opening balance	1,455,238,030	983,928,129	-	-	-	-
Purchases	645,324,861	569,500,379	-	-	-	-
Sales	(677,281,563)	(386,253,924)	-	-	-	-
Capital redemption by investee company	-	(43,046,070)	-	-	-	-
Unrealised (losses)/gains	(503,200,481)	331,109,516	-	-	-	-
Unrealised gains	331,109,516	163,470,927	-	-	-	-
Closing balance	920,080,847	1,455,238,030	-	-	-	-
Total unrealised (losses)/gains included in net changes in fair value of financial assets at fair value through profit or loss	(503,200,481)	331,109,516	-	-	-	-

(iii) Significant unobservable inputs used in measuring fair value

The table below sets out information about significant unobservable inputs used at 31 December 2022 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Description	Fair value 31/12/2022 US\$	Valuation technique	Significant unobservable inputs	Sensitivity to changes in significant unobservable inputs
Unlisted equity investments	48,780,488	Discounted cash flow: The valuation model considers the present value of the expected future net cash flows derived from put option using a number of possible outcomes of the negotiations and attributing probabilities to each. The expected net cash flows are discounted using the cost of debt.	<ul style="list-style-type: none"> Expected future net cash flows derived from put option using a number of possible outcomes of the negotiations and attributing probabilities to each. Cost of debt (“the discount rate”) 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> the expected cash flows were higher (lower); the cost of debt was lower (higher).

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

(e) Classification of financial assets and financial liabilities

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

As at 31 December 2022	Designated at fair value US\$	Amortised cost US\$	Total carrying amount US\$
ASSETS			
Financial assets at fair value through profit or loss	1,618,524,206	-	1,618,524,206
Other receivables	-	666,012	666,012
Balances due from brokers	-	1,883,932	1,883,932
Cash and cash equivalents	-	14,488,971	14,488,971
	1,618,524,206	17,038,915	1,635,563,121
LIABILITIES			
Balances due to brokers	-	10,230,853	10,230,853
Accounts payable and accruals	-	2,750,517	2,750,517
	-	12,981,370	12,981,370

As at 31 December 2021	Designated at fair value US\$	Amortised cost US\$	Total carrying amount US\$
ASSETS			
Financial assets at fair value through profit or loss	2,602,412,178	-	2,602,412,178
Other receivables	-	1,686,695	1,686,695
Balances due from brokers	-	1,232,092	1,232,092
Cash and cash equivalents	-	9,853,132	9,853,132
	2,602,412,178	12,771,919	2,615,184,097
LIABILITIES			
Balances due to brokers	-	4,209,904	4,209,904
Accounts payable and accruals	-	3,996,271	3,996,271
	-	8,206,175	8,206,175

(f) Capital management

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

15. Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

B. Uncertainty

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

- Whether the Company and its subsidiaries and joint ventures 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 and its subsidiaries and joint ventures will be exposed to tax liabilities in Vietnam, and as a result, provision for tax liabilities have not been made in the financial statements.

The Offshore Persons Exemption is provided under Section 20AC of the Inland Revenue Ordinance (“IRO”) and applies to exempt non-fund and non-resident persons from Hong Kong Profits Tax (“HKPT”) subject to satisfying certain conditions. Effective from 1 April 2019, the New Funds Exemption under Section 20AN of the IRO provides that funds within the meaning of Section 20AM, resident and non-resident, will be exempt from HKPT subject to certain conditions. The Directors believe that they have implemented steps to enable the Company to satisfy all the conditions to be exempted from HKPT for the year ended 31 December 2022.

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

14. SUBSEQUENT EVENTS

From 1 January to 25 April 2023, the Company repurchased 1,021,413 Ordinary Shares for a total consideration of US\$6,997,807.

15. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 25 April 2023.

16. Corporate Information

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17. Investor Information

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18. Glossary

Term	Definition
ACB	Asia Commercial Bank
ACGA	Asian Corporate Governance Association
AGM	Annual General Meeting
BCM	Becamex IDC
BID	BIDV
CVaR	Climate Value-at-Risk
DTR	Disclosure Guidance and Transparency Rule
DXG	Dat Xanh Group
E&S	environmental and social
ECLs	expected credit losses
EPS	earnings per share
ESG	environmental, social and governance
FCA	Financial Conduct Authority
FEC	FE Credit
FPT	FPT Corporation
FRC	Financial Reporting Council
FVTPL	fair value through profit or loss
GHG	Greenhouse Gas
HKPT	Hong Kong Profits Tax
HNX	Hanoi Stock Exchange
HOSE	Ho Chi Minh Stock Exchange
HPG	Hoa Phat Group
IESBA	International Ethics Standards Board for Accountants
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IIGCC	Institutional Investors Group on Climate Change
Intensel	Intensel Limited
IPCC	Intergovernmental Panel on Climate Change
IRO	Inland Revenue Ordinance
ISPONRE	Institute of Strategy Policy on Natural Resources and Environment
KDH	Khang Dien House
KPI	key performance indicators
KPMG	KPMG Limited
MWG	Mobile World Group
NAV	Net Asset Value
NDC	Nationally Determined Contribution
NFI	net fee income
NII	net interest income
NIM	net interest margin
NPAT-MI	net profit after minority interest
NPL	non-performing loans
PBR	price-to-book ratio
PER	price-to-EPS ratio
PNJ	Phu Nhuan Jewelry

18. Glossary (Continued)

Term	Definition
PRI	Principles for Responsible Investment
RCP	Representative Concentration Pathways
SaaS	Software-as-a-Service
SAB	Sabeco
SOCBs	State-owned commercial banks
SSC	State Securities Commission
SSP	Shared Socioeconomic Pathways
The 2022 AGM	Annual General Meeting of the Company held on 14 July 2022
The Act	The Modern Slavery Act 2015
The Administrator	Standard Chartered Bank
The AIC Code	AIC Code of Corporate Governance
The Articles	Restated and Amended Memorandum and Articles of Association
The Custodian	Standard Chartered Bank
The Group	Dragon Capital group
The Project	As a pipeline project of Company A
The UK Code	UK Corporate Governance Code
UPCoM	Unlisted Public Company Market
US\$	United States Dollar
VCB	Vietcombank
VEIL or the Company	Vietnam Enterprise Investments Limited
VHM	Vinhomes
VIOD	The Vietnam Institute of Directors
VIR	Vietnam Investment Review
VLCA	Vietnam Listed Company Awards
VN Index	Vietnam Index
VNM	Vinamilk
VPB	Vietnam Prosperity Bank
WACI	weighted average carbon intensity
YoY	year-on-year