

VIETNAM

**ENTERPRISE
INVESTMENTS
LIMITED**

A N N U A L

EXPERIENCE - CREATIVITY - INTEGRITY

R E P O R T

2 0 0 7

NAME ABBREVIATIONS

In this report, including the notes to the accounts, companies or securities are referred to by their short names as follows:

Full name	Short name	Industry
620-Chau Thoi Concrete Corporation	Concrete 620	Materials/Resources
Agribank Bond 10.2% 10/10/21	Agri-Bond 10.2% 10/10/2021	Banks
An Giang Fisheries Import and Export Joint Stock Company	Agfish	Food/Beverage
Asia Commercial Bank	ACB	Banks
Asia Commercial Bank - Convertible Bond	ACB - Conv Bond	Banks
Asian Mineral Resources Limited	Asian Mineral	Materials/Resources
Bao Viet Securities Company	Bao Viet Securities	Diversified Financials
Binh Minh Plastics Joint Stock Company	Binh Minh Plastics	Materials/Resources
Cables and Telecommunications Material Joint Stock Company	Sacom Cable	Technology Hardware
Danao International Holdings Limited	Danao	Consumer Services
Danao International Holdings Limited - Loan 8.5% due 01/08/2009	Danao - Loan 8.5%	Consumer Services
General Forwarding and Agency Corporation	Gemadept	Transportation
Glass Egg Digital Media Limited	Glass Egg	Software & Services
Glass Egg Digital Media Limited - Promissory notes 9% 31/12/2008	Glass Egg - Promissory notes 9% 31/12/2008	Software & Services
Global Cybersoft Incorporation	Global Cybersoft	Software & Services
Halong Canned Food Stock Corporation	Halong Canning	Food/Beverage
Hanoi Lake View Sport Joint Venture Company	Hanoi Lake View	Real Estate
HCMC Infrastructure Investment Joint Stock Company	CII	Transportation
HCMC Infrastructure Investment Joint Stock Company - Conv 8% 15/09/09	CII - Bond 8% 15/09/2009	Transportation
Savimex Corporation	Savimex	Consumer Durables
Keeper Resources Incorporation	Keeper Resources	Materials/Resources
Olympus Pacific Minerals Incorporation	Olympus Pacific	Materials/Resources
Pacific Ocean Shipping Joint Venture Company	Pacific Ocean	Transportation
Pha Lai Thermal Power Joint Stock Company	Pha Lai Power	Utilities
Phuong Nam Commercial Joint Stock Bank	Phuong Nam Bank	Banks
Project Design and Development Joint Venture Company Limited	PDD	Real Estate
Refrigeration Electrical Engineering Corporation	REE	Real Estate
Saigon Telecommunication and Technologies Corporation	Saigon Tel	Real Estate
Saigon Thuong Tin Commercial Joint Stock Bank	Sacombank	Banks
Thac Ba Hydro Power Joint Stock Company	Thac Ba Power	Utilities
Thang Long Cable Joint Stock Company	Thang Long Cable	Technology Hardware
Thu Duc House Development Joint Stock Company	Thu Duc House	Real Estate
Vedan International (Holdings) Limited	Vedan	Food/Beverage
Vietnam Commercial Joint Stock Bank for Private Enterprises	VP Bank	Banks
Vietnam Construction and Import-Export Corporation	Vinaconex	Real Estate
Vietnam Dairy Products Joint Stock Company	Vinamilk	Food/Beverage
Vietnam Enterprise Investments Limited	VEIL	Diversified Financials
VEIL—Redeemable Share	R Share	Diversified Financials
VEIL—Conversion Share	C Share	Diversified Financials
Vietnam Investment Fund Singapore Limited	VIFS	Diversified Financials
Vietnam Resource Investments Cayman Limited (Tiberon Investment)	VRICLTBR	Materials/Resources
Vietnam Securities Investment Fund - VF1	VF1	Diversified Financials
Vietnam Securities Investment Fund - VF2	VF2	Diversified Financials
Vinh Son-Song Hinh Hydropower Joint Stock Company	VinhSon-SongHinh	Utilities

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ANNUAL REPORT 2007

(Including audited consolidated financial statements for the year ended 31 December 2007)

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BOARD OF DIRECTORS



BOARD OF DIRECTORS

RICHARD McKEGNEY

Chairman (since 23 August 2007) and independent non-executive director

Mr. McKegney is the head of the Asia Pacific region for the National Bank of Kuwait, based in Singapore. He is also a director of NIG Asian Investments Ltd., a wholly-owned investment vehicle of the bank which has been an investor in VEIL since its inception.

HARTMUT GIESECKE

Independent non-executive director

Mr. Giesecke is non-executive Chairman of Capital Group's Japanese investment management subsidiary, Capital International K.K., and former Managing Director Asia-Pacific of Capital Group International Inc., the holding company of Capital's global investment business. He received a Master of Economics from Freiburg University, Germany, and an MBA from Columbia University Graduate Business School.

SIN FOONG WONG

Independent non-executive director

Mr. Wong is the International Finance Corporation ("IFC")'s Country Manager, Vietnam, Laos and Cambodia, East Asia and Pacific Department. He joined the IFC in 2001 and has led transactions in the Chemicals sector in India and China, and led the sector's first investments in Russia and Ukraine. Prior to joining IFC, Mr. Wong worked for 16 years in the finance function of a major oil company.

DOMINIC SCRIVEN O.B.E.

Non-executive director

Based in Vietnam, Mr. Scriven is a director and co-founder of Dragon Capital Group Limited. He represents VEIL on the boards of a number of its investments, namely five listed companies. Mr. Scriven speaks Vietnamese and has resided in Vietnam for sixteen years.

JOHN SHRIMPTON

Non-executive director

Based in Vietnam, Mr. Shrimpton is a director and co-founder of Dragon Capital Group Limited. He represents VEIL on the boards of a number of its investments, including property and software companies. Mr. Shrimpton has been resident in Asia for twenty years and in Vietnam for eleven.

GUCCI

SUMMARY OF
AUDITED RESULTS

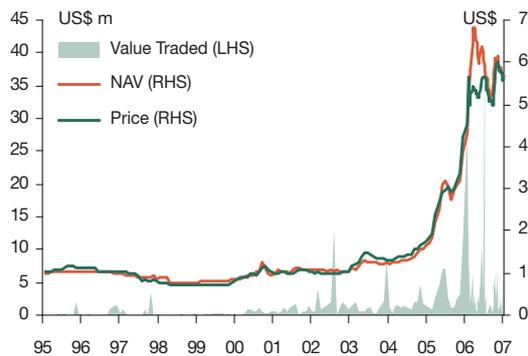
GUCCI

SUMMARY OF AUDITED RESULTS

At 31 December	2007		2006		% Change	
	R Share	R Share	C Share	R Share	C Share	
Total Net Assets	\$901,231,025	\$519,609,873	\$201,961,583	73.44%	n/a	
Number of Outstanding Shares	158,021,000	119,990,000	150,000,000	31.70%	n/a	
Net Asset Value per Share	\$5.70	\$4.33	\$1.35	31.64%	n/a	
Share Price (mid-price)	\$5.60	\$4.55	\$1.45	23.08%	n/a	
Premium/(Discount)	(1.75)%	5.08%	7.41%	n/a	n/a	
USD/VND Exchange Rate	16,003		16,043		(0.25)%	
VN Index	927.02		751.77		23.31%	

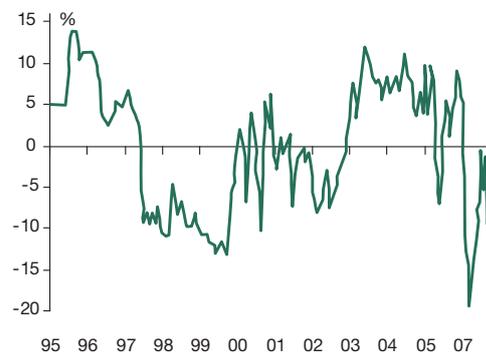
Year to 31 December	2007		2006			
	R Share		R Share		C Share	
Year's high and low	High	Low	High	Low	High	Low
Share Price (mid-price)	\$6.00	\$4.55	\$4.55	\$1.85	\$1.45	\$1.05
Net Asset Value	\$6.84	\$5.16	\$4.33	\$1.86	\$1.35	\$1.00

Share price and NAV



Source: DC

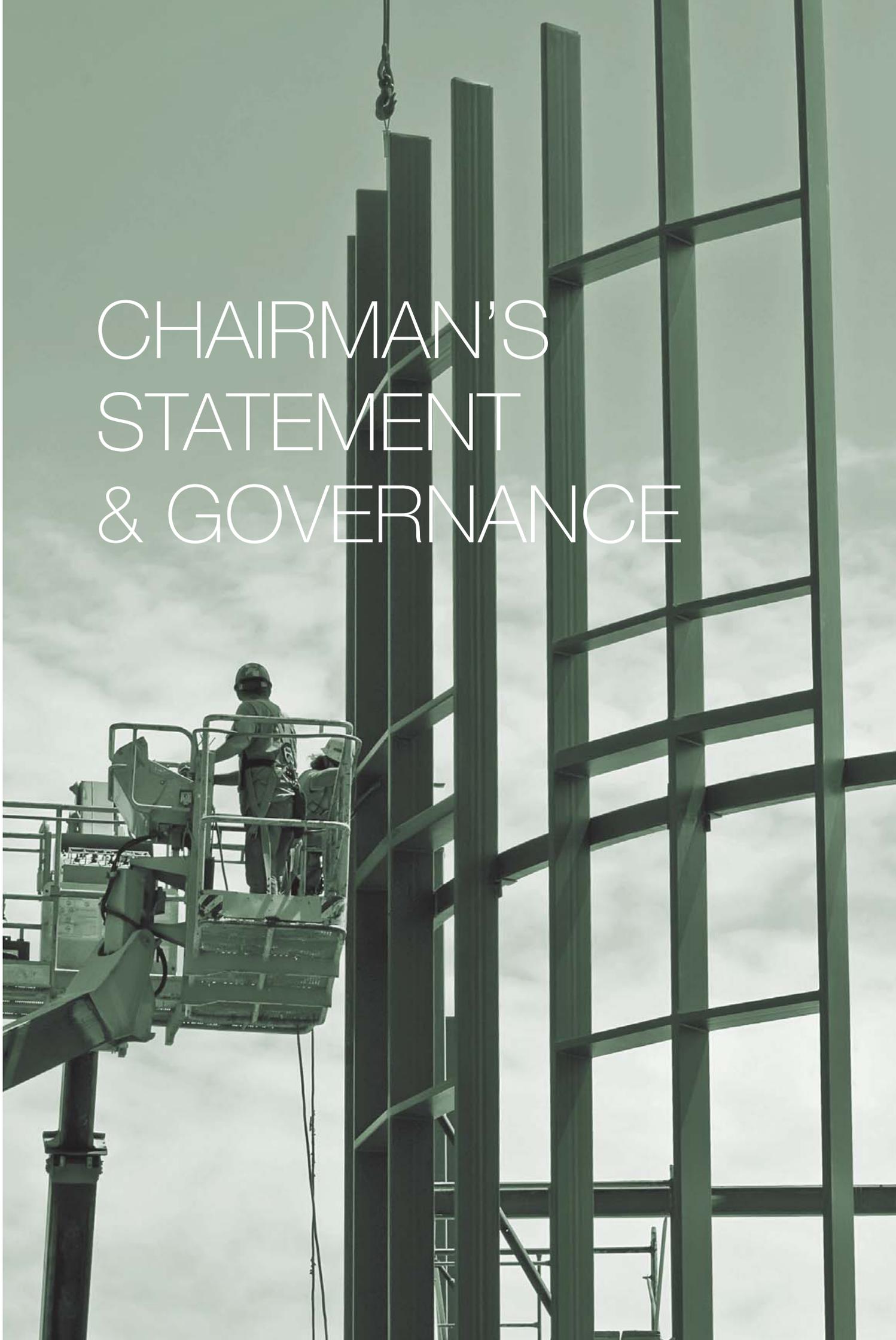
Premium /(Discount) of price to NAV



Source: DC

Source of income (US\$)	2007	2006	% change
Dividend income	26,336,196	7,114,129	270.20%
Bond interest income	1,808,422	643,315	181.11%
Bank interest income	1,374,897	2,130,996	(35.48)%
Other income	1,113,600	129,866	757.50%
Total	30,633,115	10,018,306	205.77%

CHAIRMAN'S STATEMENT & GOVERNANCE



CHAIRMAN'S STATEMENT

I am delighted to present the report and accounts for the 2007 financial year. Against a backdrop of challenge and uncertainty around the world, 2007 saw Vietnam further develop its branding. A strong macro performance (GDP growth at 8.5%) supported a vigorous equity market, and VEIL reported an NAV that was 31.6% higher at the end of the year.

Vietnam enjoyed its first full year of membership of the World Trade Organization (WTO) in 2007. This was a key factor in attracting record foreign direct investment (FDI) commitments of \$18bn, and the highest level of FDI roll-out in the country's history. Strong trade growth and robust domestic consumption marked two other legs to the stool. External reforms were matched by continued evolution in domestic law, notably for shareholders of VEIL, in the first year's application of the Securities Law.

But the records being chalked bring their own challenges, which we think of as the challenges of success. As the year drew to a close, there were apparent signs of overheating, most notably in double-digit inflation and a record trade deficit. It is likely that the economy will need to slow somewhat, in order for the traditional balance between growth and stability to be maintained.

VEIL ended the year largely fully invested, with a portfolio of core holdings that permitted the fund to outperform the stockmarket benchmark by eight percentage points. Activity through the year was focused principally on portfolio restructuring, capital increases, and a small number of new holdings.

The year ahead will not be easy and investors may wish to reflect that successful investment in Vietnam's undoubtedly impressive economy requires patience in the medium term. We remain convinced, however, that the maturing of regulatory and policy institutions is laying an ever firmer foundation for a resumption of strong growth in 2009.

Richard McKegney

Chairman

Vietnam Enterprise Investments Limited

14 May 2008

GOVERNANCE

Compliance

The Company recognises the need for high standards of corporate governance. The Board is responsible for ensuring the appropriate level of corporate governance and will continue to work towards complying with the provisions of appropriate codes that it views most appropriate to the Company and its unique operational environment.

Role of the Board

A management agreement between the Company and Enterprise Investment Management Limited sets out the matters over which the Manager has authority. This includes management of the Company's assets and the provision of accounting, company secretarial, administration and marketing services. All other matters are reserved for the approval of the Board, including the determination and monitoring of the Company's investment objectives and policy and its future strategic direction, management of the capital structure, appointment and removal of third party service providers, review of key investment and financial data and the Company's corporate governance and risk control arrangements.

The Board meets at least bi-annually and additional meetings are arranged as necessary. Full and timely information is provided to the Board to enable it to function effectively and to allow Directors to discharge their responsibilities. Directors may take independent professional advice if necessary and at the Company's expense. This is in addition to the access that every Director has to the advice and services of the Company Secretary, Fortis Prime Fund Solutions (Cayman) Limited, which is responsible to the Board for ensuring that applicable rules and regulations are complied with and that Board procedures are followed.

	23/08/2007	09/11/2007
Richard McKegney	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Sin Foong Wong	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Harmut Giesecke	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Dominic Scriven	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
John Shrimpton	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Key

In attendance

Board Composition

The Board consists of three independent non-executive Directors, all of whom are regarded by the Board as independent of the Company's Manager, including the Chairman. The Directors have a breadth of investment, business and financial skills and experience relevant to the Company's business and brief biographical details on each Director are set out on page 3. The current Board is deemed to comply with the guidelines determined, and reflecting the skills and requirements considered necessary to carry the Company forward. Tenure independent non-executive directors are initially appointed until the following Annual General Meeting when, under the Company's Articles of Association, it is required that they be elected by shareholders. Thereafter they may stand for re-election on an annual basis. The Board does not believe that the length of service in itself necessarily disqualifies a Director from seeking re-election but, when making a recommendation, the Board will take into account the ongoing requirements of the Company, including the need to refresh the Board.

Tenure

Independent non-executive directors are initially appointed until the following Annual General Meeting when, under the Company's Articles of Association, it is required that they be elected by shareholders. Thereafter they may stand for re-election on an annual basis. A representative of the International Finance Corporation (IFC) sits on the board at all times, under the IFC's investment agreement with the Company. The Board does not believe that the length of services in itself necessarily disqualifies a Director from seeking re-election but, when making a recommendation, the Board will take into account the ongoing requirements of the Company, including the need to refresh the Board.

To deal with the appointment of Directors, VEIL operates a Nomination Committee which is responsible for proposing candidates for appointment to the Board, having regard to the balance of skills, knowledge and experience of the Board. For non-executive appointments, the Committee will also consider the time commitment involved in the appointment in arriving at its decision and this will be reflected in all new letters of appointment. The terms and conditions of Directors' appointments are set out in formal letters of appointment, copies of which are available for inspection on request at the Company's registered office and the Annual General Meeting. To deal with valuation and conflict issues, the Company has appointed a committee for this purpose, which is comprised of all independent Board Members. The Investment Manager routinely reports to this Committee, all transactions and issues involving related parties. As at the year end there were no issues of substance, and a consensus on opinion relating to all investments was held.

Management

The Board considers the arrangements for the provision of investment management and other services to the Company on an ongoing basis and a formal review is conducted annually. As part of this review, the Board considered the quality and continuity of the personnel assigned to handle the Company's affairs, the investment process and the results achieved to date. The Directors believe that the Manager has the resources and ability to deliver the results which they seek, within the risk parameters which have been agreed within them. In addition, the Directors have expressed their satisfaction with the quality of the administrative and other services provided by the Administrator.

Risk Management and Internal Control

The Board is responsible for ensuring that the Company has an appropriate and effective risk management framework and will be monitoring the ongoing process for identifying, evaluating, managing and reporting the significant risks faced by the Company. The Board is also responsible for reviewing the effectiveness of the Company's system of internal control. In discharging its responsibilities in this respect, the Board has appointed an independent, recognised accountancy firm to carry out a review of the effectiveness of the internal control and risk management systems and to report to the Board on them. The key risks facing the business are disclosed in the notes to the accounts as per IFRS 7. These risks are assessed before any new business is established and monitored on a day to day basis as part of the normal management process. The Company intends to adopt a single set of policies for the management of risk to be applied across all activities. Risk management and the operation of the internal control systems within the Company will primarily be the responsibility of the Executive directors and the senior management. These individuals will be allowed commercial independence and flexibility within parameters agreed by the Board to ensure that risks are clearly owned and managed on a day to day basis and that systems of control operate effectively. The Executive directors will monitor activities on a daily basis and ensure that the appropriate controls are exercised over the Company's operations. The Board will consider the monthly management accounts, budgets and plans and discuss any issues arising from them. The systems of internal control operated by the Company are designed to manage rather than eliminate risk of failure to achieve business objectives, and will only provide reasonable and not absolute assurance against material misstatement or loss.

GOVERNANCE

Relations with Shareholders

The Board regularly monitors the shareholder profile of the Company. It aims to provide shareholders with a full understanding of the Company's activities and performance and reports formally to shareholders twice a year by way of the Annual Report & Accounts and the Interim Report. This is supplemented by weekly reports of the net asset value of the Company's shares. All shareholders have the opportunity, and are encouraged, to attend the Company's Annual General Meeting at which the Directors and representatives of the Manager are normally available in person to meet with and answer shareholders' questions. During the year, the Investment Manager will hold regular discussions with larger shareholders. The Directors are made fully aware of their views. The Chairman and Directors make themselves available as and when required to address shareholder queries. The Company's Annual Report and Accounts are published in time to give shareholders generous notice of the Annual General Meeting. Shareholders wishing to raise questions in advance of the meeting are encouraged to write to the Company Administrator at the address shown on the inside back cover.

Corporate Governance and Socially Responsible Investment

VEIL is committed to delivering superior investment performance to its clients worldwide. We understand that one of the drivers of investment performance is an assessment of the corporate governance principles and practices of the companies in which we invest our clients' assets and we expect and support those companies to demonstrate high standards of governance in the management of their businesses. We believe it is our primary duty to act in the best financial interests of our clients and to achieve good financial returns consistent with an acceptable level of risk in the management of our clients' investments. A company run in the long term interests of its shareholders with the objective of enhancing shareholder value over time will need to manage effectively relationships with its employees, suppliers and customers, to behave ethically and to have regard to the environment and society as a whole. In our pursuit of good financial returns for our clients, our Investment Manager takes account of these and all other factors affecting the valuation of the companies in which they are currently invested or considering investment on behalf of clients. The Investment Manager has incorporated an Environmental Management System into its investment process since 2003, and now operates a Governance Unit with a remit to ensure all areas of the business are meeting with governance best practice.

Voting Policy

Proxy voting is an important part of the corporate governance process and we view seriously our obligation to manage the voting rights of the shares entrusted to us as we would manage any other asset. Consequently, votes are cast both diligently and prudently, based on our reasonable judgment of what will best serve the financial considerations of our clients. So far as is practicable, we will vote at all of the meetings called by companies in which we are invested. In order to do this, we agree our stance on a variety of key corporate governance issues, including disclosure and transparency, board composition, committee structure, director independence, auditor rotation and social and environmental issues. These guidelines form the basis of our proxy voting decisions, although they are equally cast on a case-by-case basis, taking into account the individual circumstances of each vote.





INVESTMENT MANAGER'S REPORT

INVESTMENT MANAGER'S REPORT

THE ECONOMY

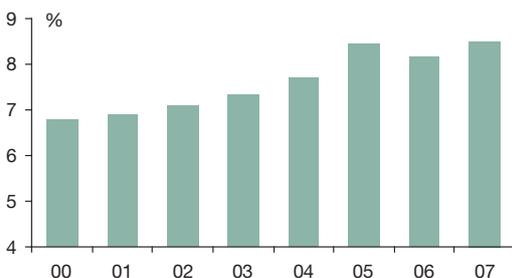
Shaken, Not Stirred

2007 was a year when talk of a radical economic transformation no longer was hyperbole. Economic growth shot forward to 8.5% and FDI pledges topped out at US\$18bn up 45.0% (Bloomberg). Likewise, foreign portfolio inflows, which for 2005 and 2006 had been a total of US\$2.2bn skyrocketed to US\$5.6bn for 2007 (IMF, 2007). And with these trends we also saw the trade deficit balloon to US\$12.4bn and inflation reach 12.6% (Bloomberg). And for the first time since 1995, the Vietnamese dong (VND) appreciated (by 0.2%) against the USD. Indicators that for years were known to follow a constant pattern convulsed as the economy reacted to new regulation, new capital, and new opportunity.

And why was 2007 such a dynamic year? Up until now, the name of the game has been legislative reform, with 2006 seeing the leadership behind the regulatory reform process lauded by accession into WTO. The walls between State, foreign, and private business were levelled, pushing the transition process towards a new phase of greater market efficiency. After sluggish progress for years, the IPOs for the State firms are now in full swing. And while there are clear kinks in this process, managers at State Owned Enterprises (SOEs) are racing to raise capital, initiate new projects, and respond to their new found incentives. Foreign businesses are investing on China +1 diversification strategies, and finding continued prospects in the young, energetic workforce. But while these accomplishments made headlines, perhaps the most important evolution was in the private sector, as 2007 marked the first year that private entrepreneurs surpassed the State in share of industrial production.

The nature of the economy is being shaken to the core, with a sudden flood of new capital into a country with massive financing needs. And while in the past the game was simply to attract capital, the burden is shifting to managing the influence of offshore finances. Institutional development is in full swing, with a 2009 highpoint the scheduled Central Bank Law, which is set to give the economy true, independent monetary policy. Across the board, reform is occurring to improve the system, whether in valuation of SOEs, or in land policy. And while the economic indicators might be more volatile as the market matures (certainly a much better condition than stagnating under central planning), the economic fundamentals that support a continued and steady higher rate of economic growth remain unstirred.

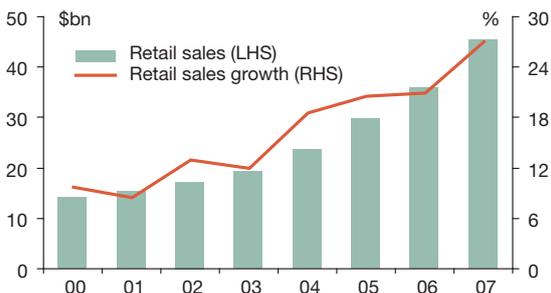
Real GDP Growth



Source: Bloomberg

Vietnam set a 10 year high in economic expansion. Real GDP growth is overshooting estimates and up 8.5% for 2007. Growth is largely driven by massive expansions in investment fueled by FDI, easier financing via easier to access credit and the equities market.

Retail Sales

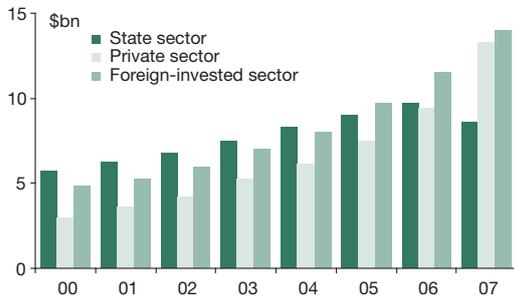


Source: Bloomberg

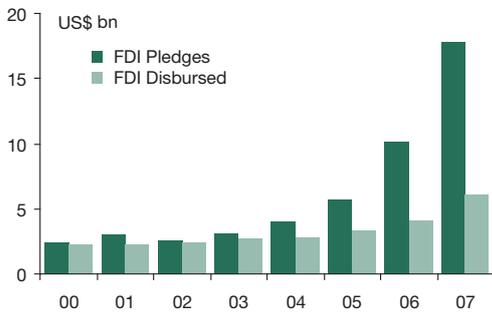
On the consumption side, a jump in domestic spending, in particular a massive bump in new car purchases, shows the development of some real depth to the retail market. Big ticket items are picking up far ahead of predictions as well as stocks. When the equities market boomed in March, nearly every car show room was empty.

INVESTMENT MANAGER'S REPORT

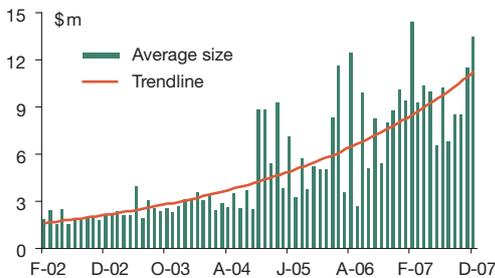
THE ECONOMY



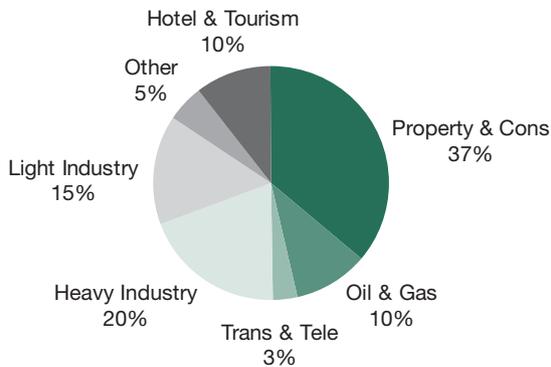
Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Industrial Production

A significant achievement for 2007 is the private sector seizing the commanding heights of the Vietnamese economy. Based on figures to date, the private sector is currently producing more than the state sector. While the shake up in ownership from equitisations has driven some of the transition, broader reforms have created a fertile environment for business.

Foreign Direct Investment

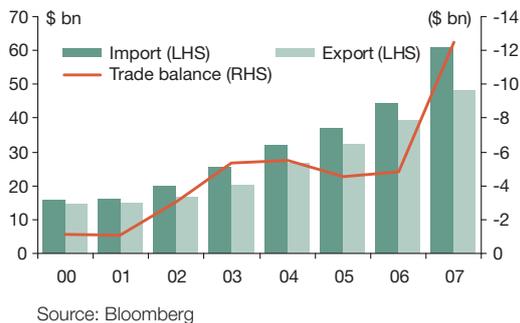
Foreign direct investment is skyrocketing, with pledges set to hit near US\$18bn this year. Following China +1 strategies to minimise geo-political risk, Vietnam is now the choice destination for manufacturing based investment. Following on last year's Intel deal, high-tech companies across Asia are shifting production to Vietnam, with giant Foxconn putting together a US\$5bn investment package. Additional pickup is in heavy industrial projects and tourism projects. Major focus in government is how to ensure a speedy deployment of foreign capital.

Average Size of FDI Project Per Month

And while pledges are continuing to outpace disbursement at a steady rate, the size of each project has grown exponentially over the past 5 years. Investors are showing clear confidence in implementing more complicated developments within the new legal regime.

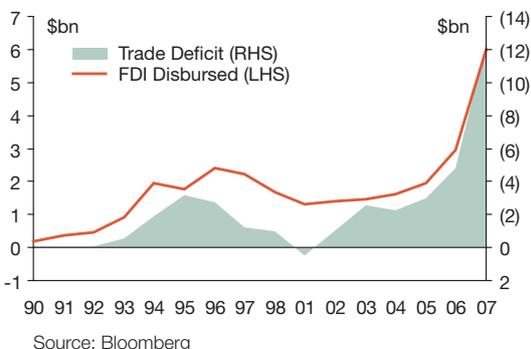
FDI Pledges By Sector - US\$18bn

FDI poured into property and construction, accounting for near 37%. And within this category, new projects targeted primarily residential and commercial development. Industrial and oil related opportunities continued to attract the bulk of foreign investors.



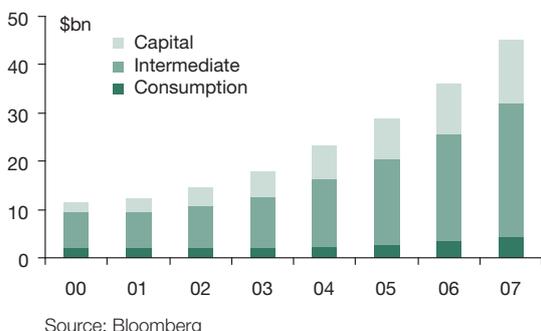
Growing Trade Deficit

Unlike the US-Bilateral Trade agreement in 2002, which resulted in a massive expansion of exports, WTO created an increase in the trade deficit. Businesses (both foreign and domestic) anticipating the completion of the 10 year negotiation had investment plans ready to sign. Imports had a massive expansion on the back of increased investment in foreign capital equipment, with machinery imports up 50% over last year. Exacerbating the deficit, export growth hit a snag in Spring due to a mishap in the oil fields, while non-oil exports had steady growth.



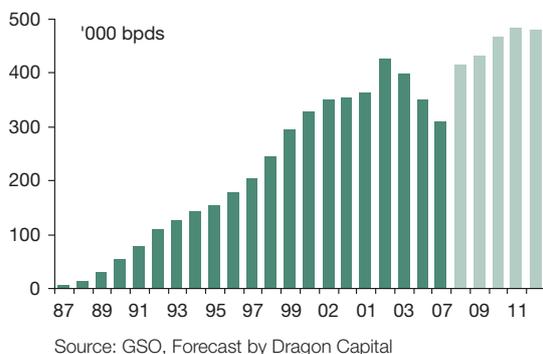
FDI and the Trade Deficit

In addition, the increase FDI is likely to continue driving the trade deficit for the foreseeable future. Most of the capital used in FDI projects is for imported capital equipment. As these funds are deployed we expect a reversal, as exports surge from new capacity. A typical example is the Intel facility. This US\$1bn investment today, which is 95% spent on imported machinery, will be US\$4bn of exports by 2009.



Breakdown of Imports

The bulk of imported goods remains in intermediate and capital goods. The risks typically associated with a trade deficit, excessive consumption in lieu of savings, are not evident in the current import structure. The accumulation of capital in particular is quite positive, where a trade deficit today becomes the productivity of tomorrow.

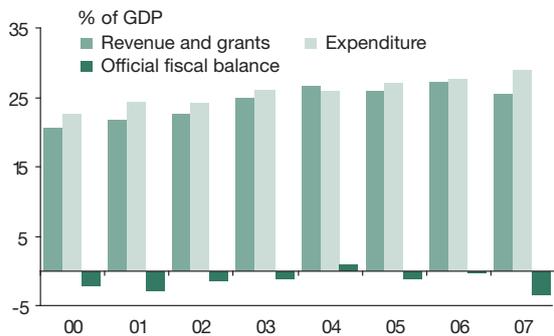


Oil Production: Now for the Upswing

Complementing an impending boost in exports from new capacity is a reversal of recent trends in oil production. Research conducted by Dragon Capital (see Jan 2008 Vietnam Focus) tallied known reserves and found a rapid increase over the next 5 years to almost 500,000 barrels in daily oil production.

INVESTMENT MANAGER'S REPORT

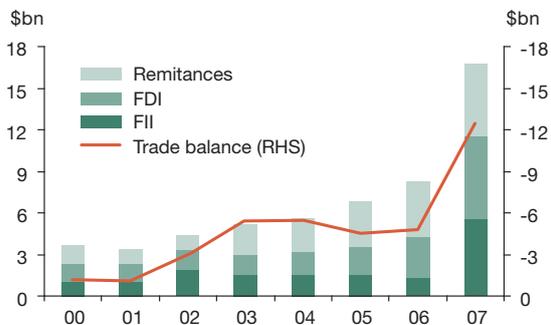
THE ECONOMY



Source: IMF Article IV 2007, VDR 2006

Fiscal Stance

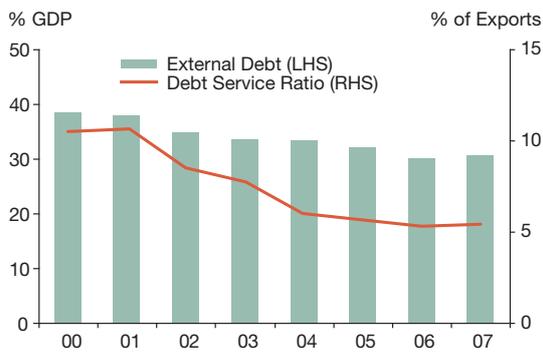
The fiscal position remains expansionary, with 2007 projections showing an increase in deficit spending. Fiscal revenue is undergoing dramatic changes. For a start, the government has been extremely successful in limiting revenue dependence on trade tariffs, which are largely being replaced by corporate income taxes. Gains from future oil as well as increased tax revenue from reformed SOEs and a new personal income tax continue to support a positive fiscal outlook. Detailed analysis is available in the December 2007 issue of Vietnam Focus.



Source: IMF Article IV 2007

General Balance of Payments

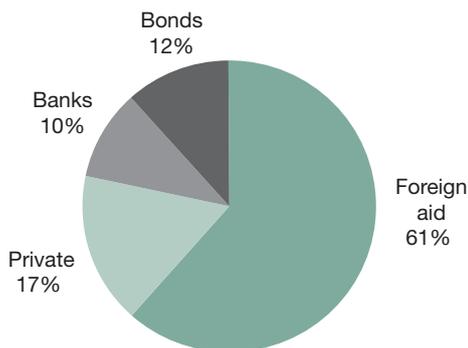
Risk of balance of payment crisis remains low. The bulk of financing comes from FDI as well as portfolio investment (FII), which remains held primarily by long-term fund management entities. And unlike many countries with a large overseas population, the Viet Kieus have established a strong offshore business presence. Remittances constitute close to 10% of GDP. And finally, the stable political environment and improved facilities is leading to increases in tourism.



Source: IMF Article IV 2005, 2007

External Debt

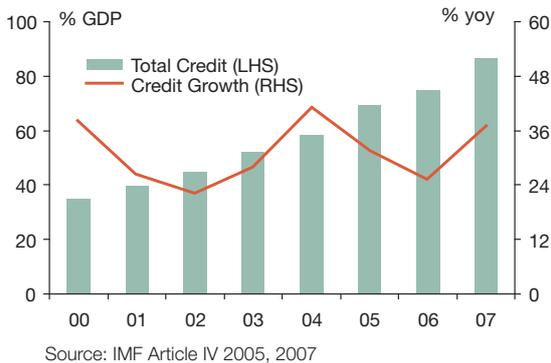
Vietnam's debt, both in terms of total foreign exposure, and in terms of payments (as a % of exports) remains in decline. In both cases buoyant GDP and export growth is exceeding the expansion of new debt. From the 2007 IMF Article IV: "Vietnam remains at low risk of external debt distress over the medium term, provided that external borrowing will continue to be guided by the prudence that has characterised government policies over the last few years." (pg 51).



Source: Fitch Ratings

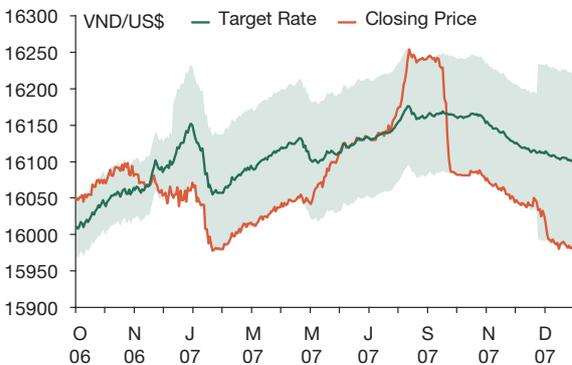
Classification of Debt

Furthermore, the composition of Vietnam's debt stock remains largely concessional, low cost financing with terms open to renegotiation in situations of national financial insolvency or illiquidity.



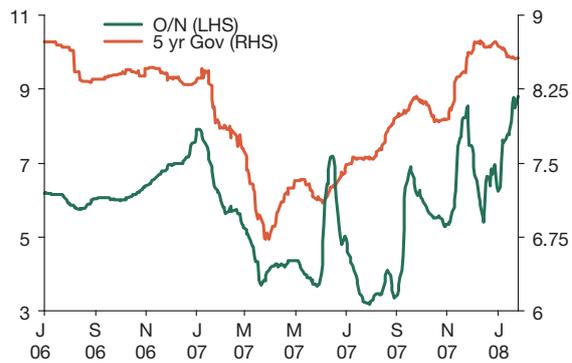
Credit Growth

Continued development of the banking sector has Vietnam poised to push total credit to over 80% of GDP. Credit growth in 2007 was particularly strong, up by 37%. Value wise, this tripling of lending is largely attributed to the prevalence of formal land tenure and the ease of collateralised lending. Yet consumer banking has yet to really take off, with most loans to small private business. Still even with these impressive gains, survey data shows loans only cover half the expense of domestic investment (Malesky & Taussig 2007), signalling widespread unmet demand.



Exchange Rate

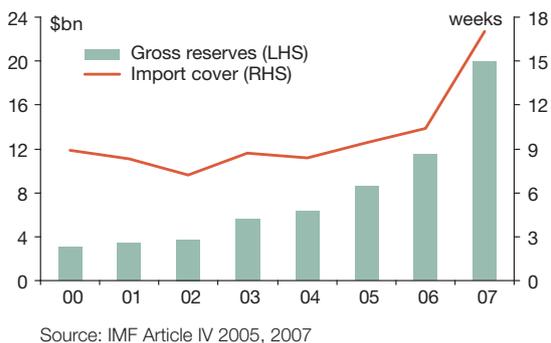
Foreign inflows are creating volatility in the normally moribund currency markets, where there was an uncharacteristic 0.2% appreciation against the US dollar for the year. The currency is managed to a crawling peg, whereby daily trades are allowed to move within a $\pm 0.75\%$ band against the US dollar. The band was doubled in Jan-07 then increased by a further by 25bps in Dec-07. The currency spent most of the year at the extremes of the trading band, and from the 3rd quarter State Bank of Vietnam (SBV) followed more appreciatory targets—suggesting an end to the use of a weak dong (VND) to bolster exports.



Source: Reuters, Bloomberg

Interbank Market

After years of quiet, with overnight rates around 6%, foreign inflows have created volatility in the money market. The early '07 rush, here shown by 5yr sovereigns, generated VND liquidity through currency conversion. The Overnight (O/N) rate dropped to a 3% level. Following the initial inflow, the central bank employed a number of OMOs* and administrative controls, such as at the conversion window, and MRR** hikes to push up inter-bank rates. These appear to have sterilised inflows, as seen in the foreign exchange (FX) reserves.



Surge in Official FX Reserves

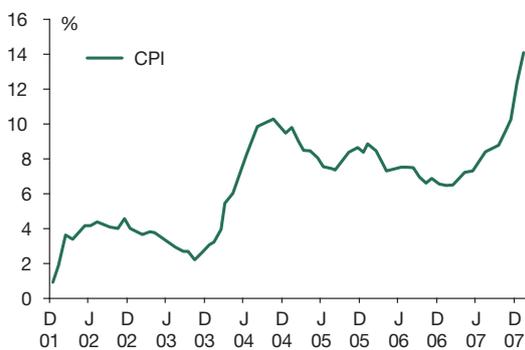
Foreign inflows continue to pour into both the equities market and hence into official foreign exchange reserves. Foreign reserves reached US\$19bn, which extended the import coverage to a full 18 weeks, a sizable margin over the IMF's advised 3 months of coverage.

* Overnight Market Operations (OMOs)

** Mandatory Reserve Requirement (MRR)

INVESTMENT MANAGER'S REPORT

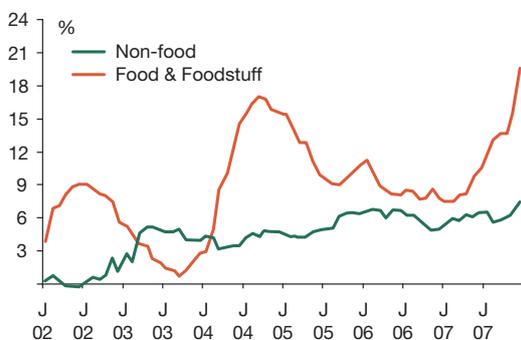
THE ECONOMY



Source: Bloomberg

Headline Inflation (YOY)

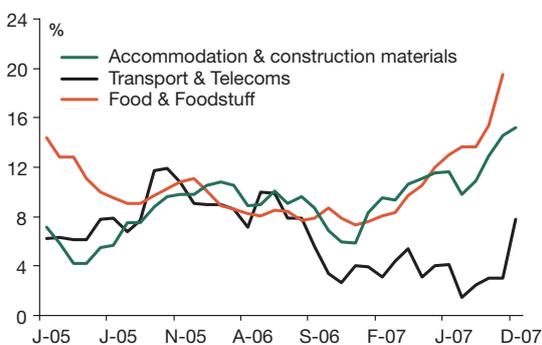
Inflation picked up strongly mid year, ending at 12.6% yoy. The increase in inflation has many analysts pointing at the inflows of hot money generating excess liquidity. This is belied by the increase in reserves.



Source: Bloomberg, DC estimate

Food Inflation (YOY)

Food inflation is the leading driver of the current surge in prices, with non-food consumer price inflation (CPI) staying reasonably flat over the period. Food makes up 43% of the CPI, and this heavy weighting during a the global spike in commodity prices exaggerates headline figures.



Source: Bloomberg

Key Items in the CPI Basket

Non-food inflation however has also experienced some increase, largely from changes in oil prices and the boom in the property market. There is considerable evidence of external shocks and domestic price reactions, with oil, steel, and agriculture prices all seeing record increases over 2007. We expect that once world commodity prices ease, there will be a levelling in the CPI. Furthermore, steady pressure by the SBV on interest rates and liquidity is reducing aggregate demand.

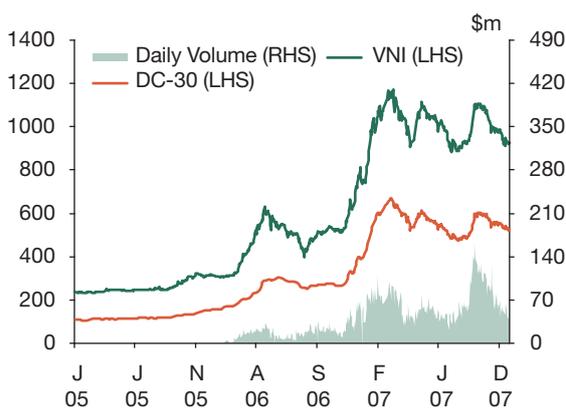
Outlook - 2008

A first priority for the Government in 2008 is to rein in the CPI and we expect here a mix of monetary tools and administrative measures. Credit growth will cool to an expected rate of around 20-25%, a level that will inhibit growth from rising above 8%. The central bank can continue to push up inter-bank rates, but to keep rates up will mean revisions to the currency policy.

Beyond the monetary situation, economic fundamentals will remain robust and Vietnam continues to offer one of the most compelling growth stories in Asia.

THE STOCK MARKET

While 2006 was marked by record breaking surges, 2007 broke records for volatility, both in terms of value and sentiment. The VNI began 2006 under 400 points, whereas 2007 saw the market oscillate within a 400 point band. The combined listed and OTC market capitalisation more than doubled in 2007 from US\$20bn to US\$50bn. The 2006 trading volume at the Ho Chi Minh City (HCMC) exchange peaked at US\$40m, 2007 averaged US\$60m, and peaked at US\$145 m.



Source: DC

VNI Performance 2005-2008

As far as sentiment goes, 2007 was certainly, as the Vietnamese saying goes, a year of “up the elephant and down the dog”. Foreign demand for Vietnam equities was frenzied. Offshore funds were reporting fund raising figures nearing US\$4bn (HSBC Sept.). The majors were piling though Tan Nhat Son airport, and glad-handing CEOs producing NPAT growth at 70%+, were still running companies of only a few million dollars. A large number of companies strayed into financial investment, i.e. punting stock, and planned to increase capital for that purpose. Dilution was rampant, money seemed cheap, companies got expensive, and foreign demand slumped. These, together

with the large IPOs of SOEs and a run on the VND, drained liquidity from the market and stocks started to drop. To make matters worse, the SBV, in fear of a stock market collapse, issued a directive (“Directive 03”) to commercial banks forcing them to reduce lending for securities investment purposes to under 3% of total loans. That proportion was above 10% in many big banks, and we estimate a net US\$1bn drain on investments.

There were other miscalculations. Having seen the supply side constrained in 2006, the Government came out with high valuations on Vietcombank, Bao Viet Insurance, and Phu My Fertiliser - thumping subscription levels, even for these promising companies. To date, the only notable success was the mid-September HSBC buy into BVI.

Market Valuations

29 - Dec - 07 VNI:927	2006	2007	2008F	2009F
P/E (x)	34.5	25.6	22.4	19.6
EPS growth (%)	-	34.9	10.8	14.1
PEG (x)	neg	0.7	2.1	1.4
NPAT growth (%)	-	51.2	21.7	20.5
P/BV (x)	7.4	6.6	5.6	5.0
Yield (%)	1.6	1.5	1.8	1.9
P/Sales (x)	2.9	2.8	2.4	2.1
Listed companies	195	253	400+	500+

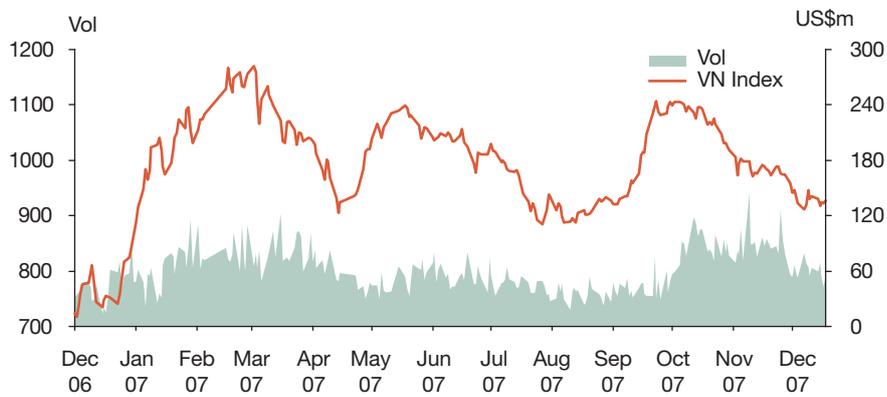
Source: DC

INVESTMENT MANAGER'S REPORT

THE STOCK MARKET

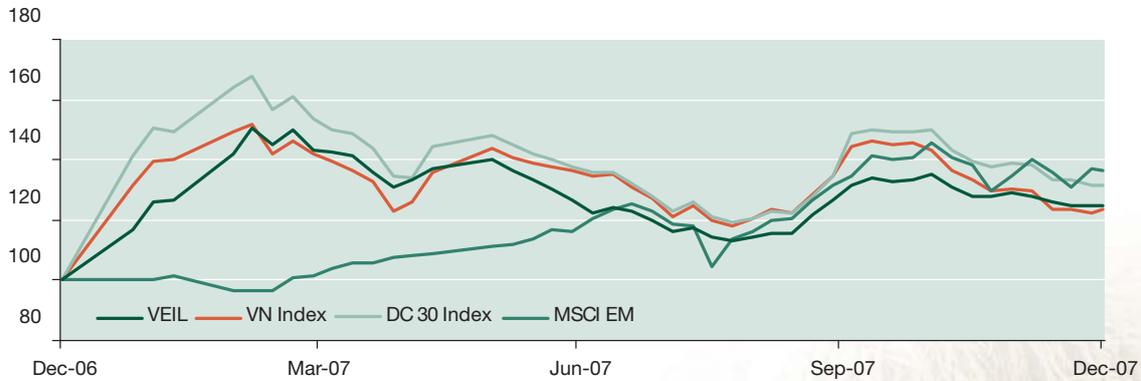
More positively, 2007 was the year in which the Securities Law came into effect, boosting investor confidence. Market capitalisation of the two listed exchanges reached 43% of GDP. Public companies are required to disclose information as if they were listed, with plans to centralise OTC trading in early 2008. Foreign ownership in these companies has also been classified: 30% for banks and 49% in other sectors. And the Ho Chi Minh Stock Trading Centre was upgraded to a fully-fledged stock exchange, with continuous trading rather than periodic order matching.

The lessons of 2007 are already turning into applications. The Government is rationalising the equitisation process, with IPOs in temporary suspension until property is more appropriately consolidated into valuations. In addition there is a respite in new auctions until demand recovers. Likewise, share dilution is losing favour as shareholder activism gains momentum. So at the start of 2008, expectations lie with institutional development. The market could easily double in size, considering the mega IPOs in the pipeline and the 850 public companies soon to be traded on the OTC. This allows us to maintain our belief that the fundamentals remains strong.



Source: DC

THE FUND



Source: DC

Vietnam's stock markets rode a roller-coaster in 2007, driven higher in the first half by the international investment community's initial Vietnamese honeymoon and hit in the second half as global market sentiment soured. Amid the swings, the market still managed to fulfill its capital-mobilisation function, allowing listed companies to raise more than \$5.6bn during the year.

The fund also had a solid year, gaining 31.6% on the back of strong performances from banking, real estate, food & beverages, and diversified financials. The performance of the fund, which is heavily weighted toward listed companies, outpaced the benchmark VN Index's 23.3% gain for the year. The fund also made profitable divestments last year in several situations where our judgment was that gains had already been maximised. VEIL remained almost fully invested through the year, limiting our cash level to less than 3.5%.

Banks contributed the most to VEIL's return, boosted by the sector's strong overall performance as well as its significant allocation in our portfolio. Real estate performed even more strongly, though contributing less to the fund's return as it takes up a smaller portion of overall assets. The property sector's 2007 results have helped provide support for our decision to focus further on real estate. Relatively weaker performances by transportation, materials/resource and utilities holdings prevented the fund from beating the VN Index by an even greater margin.

We have twice as much exposure to companies on the Ho Chi Minh City Stock Exchange, Vietnam's primary bourse, as to equities on its smaller counterpart in Hanoi. The Hanoi holdings outperformed those down south, though, resulting in a roughly equal contribution to the fund's performance from each bourse. Bonds posted solid returns, while overseas holdings and private equity's contributions were more modest.

Outlook

The fund is planning divestments of private equity holdings in software services and utilities which have lagged in order to generate additional capital to be deployed elsewhere. We are also looking at improving our liquidity by lowering the amount of cash we hold that could be used for investment purposes. Longer-term we need to boost the performance of our Ho Chi Minh City Stock Exchange (HOSE) portfolio; if Asia Commercial Bank were to move its listing to the HOSE from Hanoi, as it is rumoured to be considering, that would almost certainly help. As we are a bit overweight in banking but underweight in food & beverages and pharmaceuticals, we will look to even this out.

THE PORTFOLIO INCLUDING TOP TEN HOLDINGS



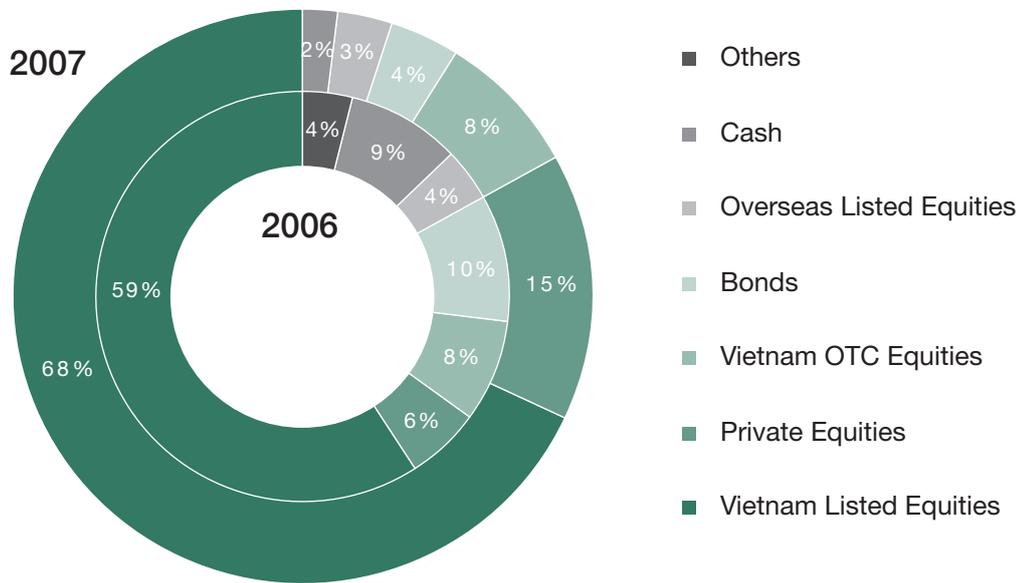
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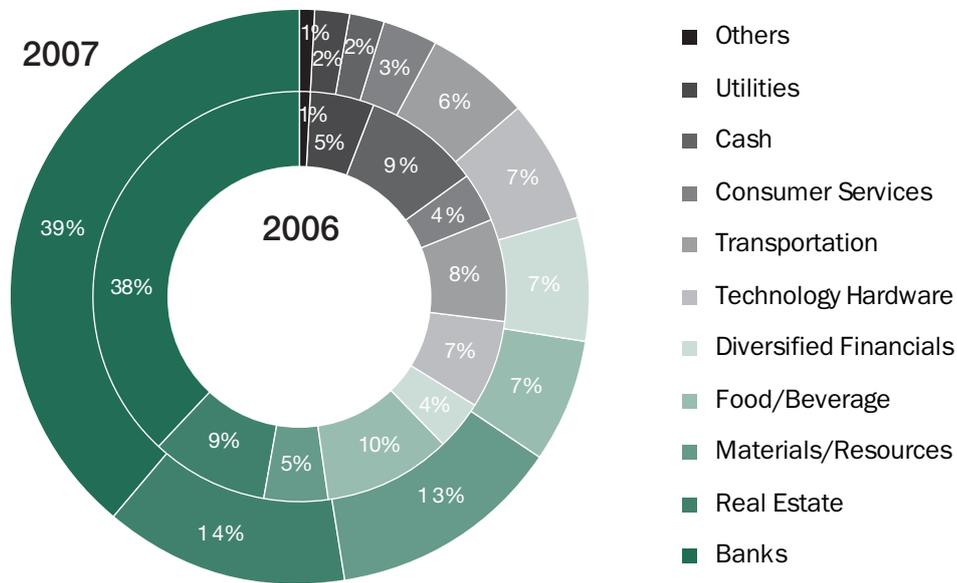


PORTFOLIO LISTING BY ASSET CLASS AND SECTOR

VEIL BY ASSET CLASS



VEIL BY SECTOR



SUMMARY PORTFOLIO LISTING BY ASSET CLASS

A full Portfolio Listing by Asset Class, including brief narrative on the investment holdings can be found on pages 50 to 54

	Industry	Fair Value US\$	% of NAV
LISTED BONDS			
CII - Bond 8% 15/09/2009	Transportation	468,677	0.05
TOTAL		468,677	0.05
OVERSEAS LISTED EQUITIES			
Asian Mineral	Materials/Resources	9,741,876	1.08
Olympus Pacific	Materials/Resources	9,022,664	1.00
Keeper Resources +	Materials/Resources	2,832,291	0.31
Vedan	Food/Beverage	2,025,772	0.23
TOTAL		23,622,603	2.62
VIETNAM LISTED EQUITIES			
ACB TT/+	Banks	166,039,913	18.42
Sacombank TT/+	Banks	110,594,125	12.27
REE TT/+	Real Estate	84,762,133	9.41
Vinamilk TT	Food/Beverage	61,083,539	6.78
Sacom Cable TT	Technology Hardware	55,116,780	6.12
Gemadep TT	Transportation	33,856,244	3.76
VF1 TT/+	Diversified Financials	32,049,680	3.56
CII +	Transportation	20,557,388	2.28
Bao Viet Securities R	Diversified Financials	15,941,021	1.77
Thu Duc House R	Real Estate	13,534,027	1.50
Concrete 620 +	Materials/Resources	10,210,776	1.13
VinhSon-SongHinh	Utilities	9,836,778	1.09
Thang Long Cable	Technology Hardware	7,873,770	0.87
Pha Lai Power	Utilities	5,583,909	0.62
Agifish +	Food/Beverage	5,445,588	0.61
Binh Minh Plastics	Materials/Resources	3,878,544	0.43
Savimex	Consumer Durables	924,167	0.10
Halong Canning	Food/Beverage	640,286	0.07
Thac Ba Power	Utilities	102	0.00
TOTAL		637,928,770	70.79

TT Top Ten Holdings, see pages 26 - 35

+ Addition to existing holding held as at 31 December 2006

New New holding in 2007

R Right Issue included

A full Portfolio Listing by Asset Class, including brief narrative on the investment holdings can be found on pages 50 to 54

	Industry	Fair Value US\$	% of NAV
VIETNAM OVER-THE-COUNTER EQUITIES			
VP Bank TT/+	Banks	34,147,985	3.79
Vinaconex	Real Estate	21,371,661	2.37
Phuong Nam Bank	Banks	10,298,979	1.14
Saigon Tel New	Real Estate	6,905,171	0.77
TOTAL		72,723,796	8.07
OVERSEAS UNLISTED EQUITIES			
VRICLTBR TT	Material/Resources	86,510,280	9.60
VIFS	Diversified Financials	1,680,000	0.18
TOTAL		8,190,280	9.78
PRIVATE EQUITIES			
Danao TT	Consumer Services	23,010,750	2.55
VF2 +	Diversified Financials	16,188,740	1.80
Hanoi Lake View	Consumer Services	8,700,000	0.97
Pacific Ocean	Transportation	2,884,153	0.32
Global Cybersoft	Software & Services	2,404,958	0.27
PDD	Real Estate	929,617	0.10
Glass Egg	Software & Services	-	-
TOTAL		54,118,218	6.01
LOANS			
Danao - Loan 8.5% due 02/08/2009	Consumer Services	1,850,556	0.20
Glass Egg - Promissory notes 9% 31/12/2008	Software & Services	-	-
TOTAL		1,850,556	0.20
UNLISTED BONDS			
Agri-Bond 10.2% 10/10/2021 New	Banks	21,137,322	2.35
ACB - Conv Bond	Banks	17,150,083	1.90
TOTAL		38,287,405	4.25
TOTAL		917,190,305	101.77

TT Top Ten Holdings, see pages 26 - 35

+ Addition to existing holding held as at 31 December 2006

New New holding in 2007

R Right Issue included

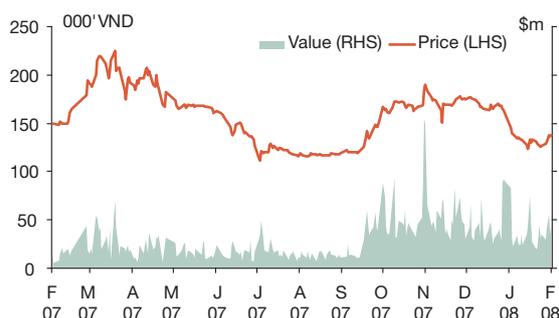
TOP TEN HOLDINGS

1: ACB & ACB – CONV BOND 8% 15/10/2011

Cost:	US\$18,583,828
Value:	US\$183,189,996
% of Net Assets:	20.32%
Initial Acquisition:	December 1996



Stock Price



Source: DC, Bloomberg

Price Relative



Source: DC, Bloomberg

Asia Commercial Bank, founded in 1993, is Vietnam's largest non-state-owned bank. In its early days the bank distinguished itself with innovation, by bringing in foreigners as strategic investors, and by spending aggressively on IT. It has enjoyed rapid growth in recent years on the back of SME lending, while also running the lowest non-performing-loan ratios in the industry at sub-1% and the highest ROEs at 30%-plus. Yet because of a light loan-to-deposit ratio in the mid-40% range, ACB is often criticised for being too conservative, i.e. focused more on averting risk than on good credit control. The worry is that, as the industry continues its headlong expansion and as WTO membership brings a swarm of foreign competitors, ACB will be overtaken by more aggressive rivals. Our analysis, however, is that ACB is playing to a model that manages risk dynamically, driving growth while sustaining asset quality, and is well ahead of its peers in understanding how to do so. The financial sector is developing virtually from scratch and an enterprising player like ACB is soundly positioned to grow in such an environment.

Vietnam offers huge opportunities for lenders as a chronically under-banked country and ACB has largely only the global players to fear once WTO membership unleashes them. ACB will be a tough competitor. It has deep Grade-A client penetration, advanced systems and sophisticated risk models, and the capacity to switch into a more aggressive mode if need be. ACB has already made preparations to diversify into non-bank financial services and is talking about making acquisitions as well in the medium-term. Pre-tax profit in 2007 tripled to VND2.132tr consolidated from VND687bn in 2006. While net interest income still accounts for half the total, financial investment profit leapt seven times in 2007 to account for 36 percent of total income. ACB Securities and ACB Asset Management are also growing units, together contributing 12% of pre-tax profit in 2007. ACB has set an aggressive target of boosting profit by 50% in 2008. Fund-raising is also in full swing, with VND10tr of straight bonds expected on top of 1.35 million five-year convertibles (CBs) that were issued in 2007. The bank intends this year to convert 550,000 2006 CBs that were issued to existing shareholders at a ratio of 100 shares per CB. The proceeds are to be used to maintain market leadership in IT, to expand ACB's branch network, and to rebalance its current focus on shorter-term tenures (a by-product of retail lending) into the development of longer-term mortgage products. At its current pace of development, ACB may soon leave behind its "largest non-state" moniker and contend for status as the country's largest bank period, with no caveats required.

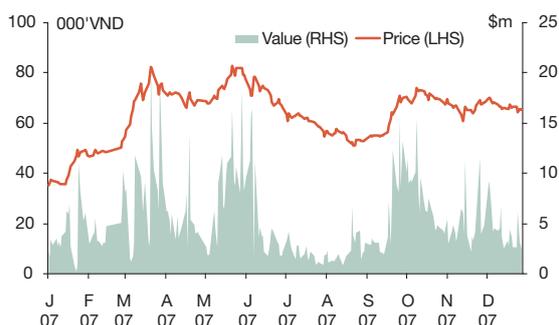
TOP TEN HOLDINGS

2. SACOMBANK

Cost:	US\$19,942,989
Value:	US\$110,594,125
% of Net Assets:	12.27%
Initial Acquisition:	November 2000



Stock Price



Source: DC, Bloomberg

Price Relative



Source: DC, Bloomberg

Sacombank, the second-biggest non-state bank after ACB, was one of the first Vietnamese banks to take on foreign partners. It has a sprawling nationwide branch network, targeting the mass market in both urban and rural areas. Loans increased around ten-fold between 2002 and 2007, while non-performing-loans have been less than 1 percent. The bank has a greater willingness to tolerate risk than its competitors, with more aggressive pricing and historically superior spreads, relying on staff expertise and upgraded systems to control risk.

Sacombank is likely to show similar levels of growth going forward to that of ACB, though its balance sheet expansion will likely outpace that of its competitor because of a more active deposit acquisition policy. Sacombank does face a more rapid narrowing in spreads due in part to a higher cost base. Explosive loan growth has been pumping up results and this will continue, though perhaps with some unevenness on the bottom line. The loan book increased 136% in 2007, exceeding that of ACB. Deposit growth was even faster at 149%.

Sacombank's robust core business has been boosted by capital gains on equity investments plus listing-related tax abatements. Pre-tax profit jumped 166% to VND1.452tr, up from VND611bn a year earlier, driven largely by investment in equities, which accounted for about 40% of total income. If one assumes that that performance won't be repeated this year, earnings will inevitably moderate and dilution will also take a heavy toll on EPS. Results may bounce back in 2009, though the termination of tax holidays will crimp net profit. By 2010, the profit and loss statement should fully normalise and allow investors to focus solely on the bank's strong performance.

TOP TEN HOLDINGS

3. VRICLTBR (TIBERON)

Cost:	US\$82,992,213
Value:	US\$86,510,280
% of Net Assets:	9.60%
Initial Acquisition:	September 2007



Source: DC, Bloomberg

Tiberon is a mineral exploration company focused on Vietnam. Its primary asset is a 70 percent interest in Nuiphaovica, a company which controls the Nui Phao tungsten polymetallic project in Thai Nguyen province in northern Vietnam. Once up and running, Nuiphaovica is set to supply about half of the world's tungsten outside China, and also to become a major producer of fluorspar and bismuth. On 14 February 2007, a special purpose vehicle controlled indirectly by Dragon Capital Management acquired 93.2% of the shares of Toronto Stock Exchange-listed Tiberon. The company was subsequently delisted following the compulsory acquisition of the remaining interests for C\$3.65/share, a price which valued the company at C\$275.6m.

Dragon Capital followed the acquisition with a range of value-adding initiatives, such as reappraising past financial and technical assumptions. A key part of this process was extracting the ownership of Tiberon's 70% stake in Nuiphaovica from Canada, a move which will optimise the project's tax efficiency.

At the project level, steady progress continued. A new project manager and general manager have been recruited to strengthen oversight. The pace of carrying out relocation from the project area and associated compensation improved by year-end, in part due to the establishment of clearer reporting lines, with the full support of both provincial and central authorities.

Arbitration with Osram Sylvania Products Inc. relating to the termination of a 100% tungsten off-take agreement by Nui Phao in April 2007 remained ongoing. To summarise, Osram brought legal proceedings against Tiberon, Nui Phao, and Dragon Capital Management Ltd (DCML) in May 2007 seeking reinstatement and "specific performance" of the agreements and injunctions to prevent the Company dealing with anyone else as regards the tungsten concentrate. In June 2007, the US Court stayed the litigation proceedings in favour of arbitration as provided for in the agreements. Subsequently, in July 2007, Osram filed a request for arbitration with the International Chamber of Commerce ("ICC") initially requesting injunctive relief which was later abandoned, as well as specific performance or alternatively monetary damages in respect of Tiberon and Nui Phao, and damages against DCML. Tiberon, Nui Phao and DCML are vigorously defending the arbitration, and regard Osram's claim as not well founded. The arbitration process is currently underway with a three-person panel appointed and confirmed by the ICC. A hearing is scheduled for July 2008, and a ruling is expected by August 2008.

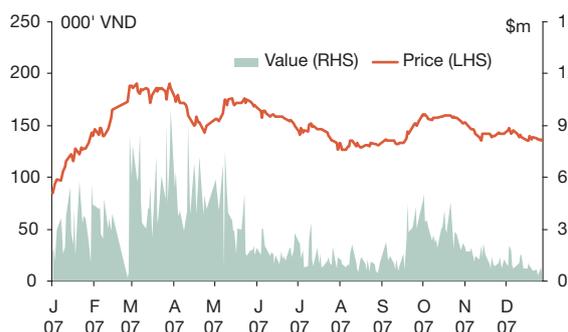
TOP TEN HOLDINGS

4. REE

Cost:	US\$11,328,581
Value:	US\$84,762,133
% of Net Assets:	9.41%
Initial Acquisition:	May 1998



Stock Price



Source: DC, Bloomberg

Price Relative



Source: DC, Bloomberg

REE is one of Vietnam's leading property players, but it may be more accurate to think of the company as a general investment group. Real estate is an area that REE entered when its traditional businesses of manufacturing & engineering contracting and white goods began to stagnate. The company's response was to use its factory sites on the outer ring of central Ho Chi Minh City for the highly successful "E-Town" office park. Simultaneously REE was ploughing capital into the stock market; today its investment division accounts for half of overall profit and sits on prodigious unrealised gains. The M&E operation has revived, but is now comparatively small. New businesses are thus being sought, with the focus currently on infrastructure and mining; an attempt to answer the question of whether REE can squeeze more value out of property and how it will diversify if not. In the meantime it has a comfortable cushion in the form of robust cashflow and a strong net cash position from recent rights issues, all of which should make for easy funding of whatever strategic direction the company wants to move in.

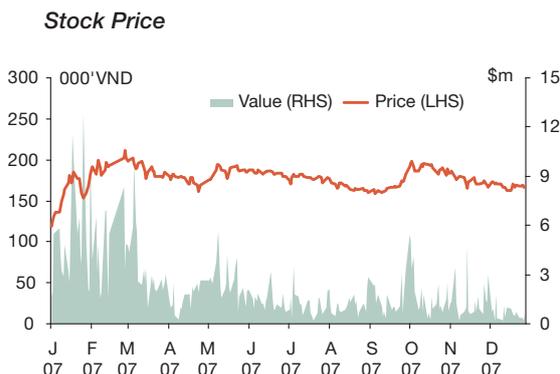
In 2007, REE sustained fairly high growth: 18.9% in revenues and 30.3% in pre-tax profit. The M&E division booked 19.4% growth in revenues (Rev) and 22.1% in PBT. Reetech, the white-goods manufacturing division, performed well, delivering 10.8% growth in revenues (Rev) & 22.4% in PBT due to a strong distribution network and brand name. On the property side, Etown 3 with 30,000 sqm of office space opened in March and produced significant earnings and revenue. Finally, REE's financial business is demonstrating a considerable influence on the bottom line, boosted by 23.9% growth.

Management is actively pursuing new investment opportunities, focusing on power and water infrastructure projects. On the property side, construction is under way that should add 45,000 sqm of new office space over the next two years. Future revenues and earnings from established operations look to be in good shape into 2009, and we foresee a 32% compound annual growth rate in net income up to that time. EPS may not perform quite as well due to the capital raisings in 2006-2007 and plans to pay dividends in stock, but even so the price/earnings-to-growth ratio should still top that of many other local companies. Management has proven itself to be exceptionally dynamic in pursuing new opportunities, and our 2009-2010 projections show REE as potentially the best value among Vietnam's blue chips.

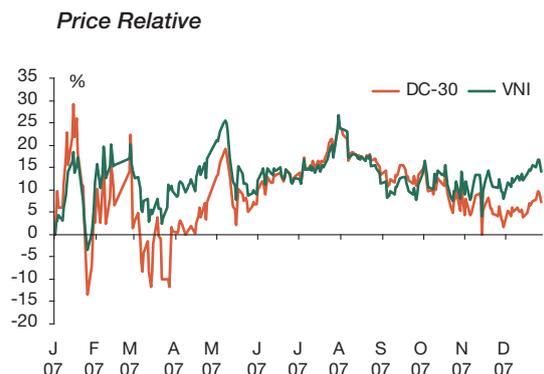
TOP TEN HOLDINGS

5. VINAMILK

Cost:	US\$12,067,582
Value:	US\$61,083,539
% of Net Assets:	6.78%
Initial Acquisition:	March 2003



Source: DC, Bloomberg



Source: DC, Bloomberg

Vinamilk is Vietnam's top dairy producer. It operates in a classic emerging market growth business, holding the leading market share for all its main products. The company also has an unequalled distribution network, a top brand name and prodigiously strong finances. For a long time, however, the company failed to capitalise fully on its advantages. This was primarily due to weak marketing, a legacy of Vinamilk's long years as a state company. Consequently the company saw a steady loss of market share to foreign multinationals, whose promotion strategies were far superior. While sales rose 70% between 2003 and 2006, EBIT fell 14% and had to be massaged upwards with various financial measures -- a poor performance even allowing for factors like raw-material cost hikes. Vinamilk has begun to take control of the situation, with the creation of a professional marketing department. The team has begun to reverse the inroads made by rivals in key areas, and indications are that it will have a major impact on restoring growth prospects.

Price hikes on key inputs plagued the global dairy sector throughout 2007. Vinamilk was no exception and reacted by temporarily cutting exports in order to focus on the local market. Revenues suffered to the tune of only 3% growth, compared with a target of double-digits. However, margins were kept stable at 9-10% as a result of limited change in sugar prices, a key input for a number of products. Financial holdings maintained net profits, which rose 32% to VND967bn. Market cap at year-end was US\$1.5bn, preserving Vinamilk's position as the largest company on the Ho Chi Minh City exchange. At the current price, the price/earnings-to-growth ratio is around 27x for 2007, a step above the market average of 25x.

The company is making solid moves in support of its core business, such as investments securing stable input prices by buying into more dairy farms. In addition, Vinamilk now has a brewery in operation as well as a new line of coffee products hitting the shelves. Vinamilk is also targeting 2008 for a listing on the Singapore bourse, with around 5% of total shares to hit the more liquid offshore exchange, as well as launching an employee stock ownership program equivalent to 0.3% of current outstanding shares.

TOP TEN HOLDINGS

6. SACOM CABLE

Cost:	US\$14,960,883
Value:	US\$55,116,780
% of Net Assets:	6.12%
Initial Acquisition:	May 2002



Source: DC, Bloomberg



Source: DC, Bloomberg

Sacom Cable (“SAM”) is Vietnam’s number one producer of telecommunications cable with a dominating 70% of the sector’s production capacity and output. Equitised in 1998 and listed in 2000, Sacom Cable now has a strong base of subsidiaries in supporting industries, with activities spanning copper, plastic, packaging and telecom-material production.

SAM weathered a difficult time in 2007. With world copper prices up an average of 40% from the start of the year, State post and telecom company VNPT made a decision to shift into fibre optics, resulting in a massive drop in demand. While smaller producers began dumping cable below cost to cover recent investments, SAM was able to realise gains on financial investments to satisfy shareholder expectations (pretax profit increased by 1%), and at the same time began retooling for fibre-optics manufacturing, with a 350,000km capacity plant in development. Meanwhile property and financial investments, at first bemoaned as corporate sprawl into a non-core business, now show promise to pad out returns until the new optical-cable production comes on-stream. Amid the shakeup in operations, Sacom Cable’s share price almost doubled before lurching downward as the market became more volatile, finishing the year up 9%. By that point, total market cap had reached US\$467m, resulting in a price-earnings ratio of 31x. After accounting for all of SAM’s income in 2006, the company’s core business only contributed to 64% last year.

Sacom Cable’s strategy is to transition into a full-scale holding group, with the number of companies in which it has stakes moving into the double-digits. The three largest of these are also telecom cable and power cable producers: 34.3% in Saigon Cable Co. (US\$36m market cap), a 30% stake in Sacom-Taihan JV (US\$28m), and 15% of Thang Long Electric Wire & Cable Co. (US\$23m). There’s also a US\$125m property project in the south-central province of Lam Dong in cooperation with Taihan, on a 269ha site that will include a golf course, hotels and villas. Fibre-optics production is slated to begin in 2008, but until this market shifts into high gear we expect profits to be supported by property and financial holdings.

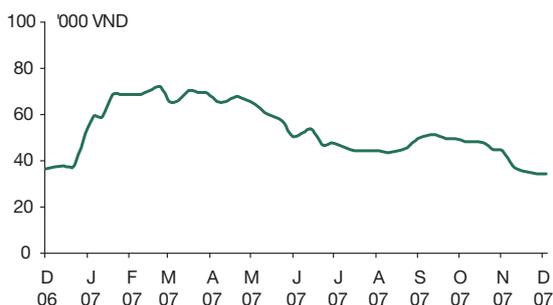
TOP TEN HOLDINGS

7. VP BANK

Cost:	US\$9,214,476
Value:	US\$34,147,985
% of Net Assets:	3.79%
Initial Acquisition:	January 1996

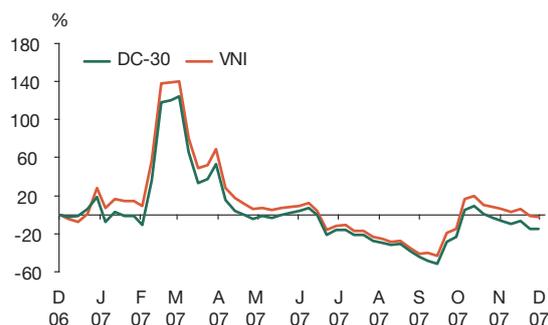


Stock Price



Source: DC, Bloomberg

Price Relative



Source: DC, Bloomberg

VP Bank is one of the major non-state banks operating in and around the Hanoi area, with a client base consisting primarily of dynamic northern SMEs. The bank is known for its chequered past, stemming from allegations of questionable letters of credit and from near-insolvency during the Asian financial crisis. The State Bank took control in 1998 and cleaned house. By 2000, VP Bank's board had adopted internal reforms and brought in new leadership, headed by Mr. Lam Hoang Loc, a former CEO of Asia Commercial Bank. The bank then began introducing much stricter lending policies, while collecting on its accumulated bad debts and paying off L/Cs. With their credibility restored and reputation perhaps even enhanced after emerging from the ordeal, special SBV supervision was lifted in 2006. To control risk, every loan exceeding US\$250k must stand before a credit committee. VP Bank is thus quite healthy today: its capital adequacy ratio stood at 21% by end-2007, well ahead of the Basel II requirement of 8%, while NPLs were only 0.5%.

VP Bank performed well in 2007, with total assets rising 78% to US\$1.14bn. New accounts jumped an impressive 138% while lending climbed by 163%. Pre-tax profit doubled to US\$16.6m, while chartered capital increased from VND750bn to VND2tr. The number of branches and sub-branches more than doubled from 45 to 100 by end-07. A T24 core banking system was installed in all branches as of October 2007, which allows round-the-clock connection throughout the network. In terms of business development, the VPBank Securities subsidiary has started full operations and contributed 12.4% to PBT. Rounding out the group's expansion was the addition of an asset management company, although its contribution to the bottom line was minimal (0.6%).

VP Bank expects to become a diversified financial group by 2015, where retail banking is the core business, supplemented by subsidiaries in securities brokerage, fund and asset management, leasing and insurance. The bank has maintained a relatively high loan/deposit ratio of 90-100% for years, but intends to gradually decrease the figure to around 60-70% to invest in other low-risk instruments. Likewise, the bank is running a very aggressive ATM campaign, with a target of 3,000 in operation by 2010. With foreign banks set to gain full access to the Vietnamese market in 2011, VP Bank is now preparing for impending human-resource wars, as the newcomers are already on headhunting missions. Senior managers are naming successors now in an effort to retain key staff and also to ensure that the same values that rebuilt VP Bank after the crisis will not flag as operations expand.

TOP TEN HOLDINGS

8. GEMADEPT

Cost:	US\$9,710,576
Value:	US\$33,856,244
% of Net Assets:	3.76%
Initial Acquisition:	March 2003

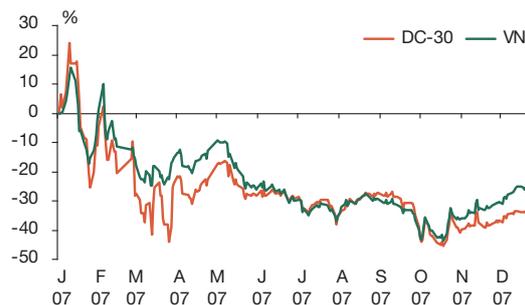


Stock Price



Source: DC, Bloomberg

Price Relative



Source: DC, Bloomberg

Gemadep is one of the leading container operators in Vietnam, and the only one which offers a fully integrated range of port, shipping and logistical services. The core business is ports, which GMD pursues through an inland container depot/mid-stream operation. Gemadep's next big move is a multi-pronged US\$270m expansion strategy, centred on participation in the country's first deep-sea container port at Cai Mep east of Ho Chi Minh City, a complex which will finally allow large modern ships to call direct on Vietnam from abroad. While waiting for Cai Mep to start up in 2010-11, Gemadep will supplement its ICD/mid-stream operation with small ports across the country and a major increase in its container fleet. This should provide strong core growth, which additional activities will supplement nicely when Saigon property projects kick in, so that EBIT into 2010 might reach 35% on a compound annual growth rate basis.

In 2007, turnover is forecast to reach US\$76.4m, up only 1% on 2006 due to fierce competition in the sector, though net profit in 2007 was padded out to 26% thanks to realised gains from the financial portfolio. There was good progress in the core business expansion plan: ground-breaking for Nhon Hai, a 2mn-ton international port; new ship purchases netted a 77% increase in total transport capacity; and a signed deal on a joint-venture partnership for Cai Mep 2, a 2mn TEU capacity port. On the stock market, GMD's share price decreased 12.5%, largely due to rights issues in March. Market capitalisation by year-end was US\$410mn, leaving Gemadep as the 17th-biggest company on the Ho Chi Minh City Stock Exchange, or about 1.6 percent of the total market cap.

Operating results in 2008 should be better. The Dung Quat oil refinery and associated industrial zone should come on-stream, pressing more ships into service. The Maritime Centre project will see its first rents, and EBIT will fly. By 2009-2010, the core businesses will be doing well and the ongoing profit surge from Maritime Center and then from Le Loi Plaza will boost results dramatically. GMD still has an exceptionally promising long-term business plan, which should begin to reap fruit from 2010 on.

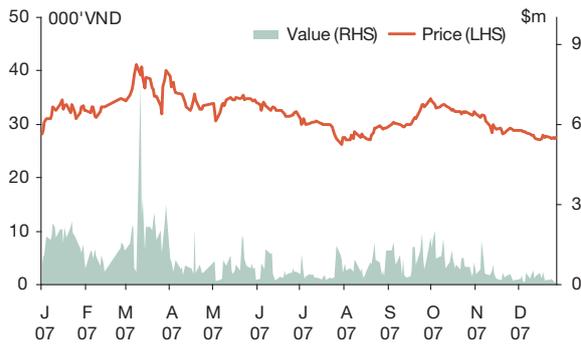
TOP TEN HOLDINGS

9. VF1

Cost:	US\$26,104,505
Value:	US\$32,049,680
% of Net Assets:	3.56%
Initial Acquisition:	April 2004

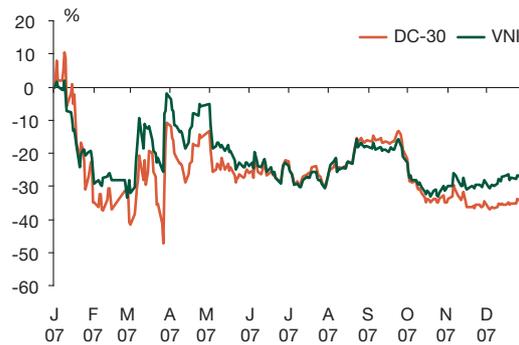


Stock Price



Source: DC, Bloomberg

Price Relative



Source: DC, Bloomberg

VF1 is a closed-end fund managed by a 51/49 joint-venture between Sacombank and Dragon Capital. The fund, the first to be listed on the Ho Chi Minh City Stock Exchange, targets primarily local investors. VF1's focus is local securities such as government bonds and state-owned company IPOs.

In mid-2007, VF1 successfully issued 50mn new shares which were placed locally. The share offering was a milestone for the fund and for the country's young asset-management industry. At the end of the year, VF1 was 90% invested and managed VND3.837tr in assets, up 128% from 2006. Cash accounted for 5.4% of total assets.

VF1's assets cover 13 sectors, led by banking, property, and consumer goods. The fund decided to hold the relatively large amount of cash in light of a lack of attractive investment opportunities by year-end, amid gloomier conditions on the local stock market.

The fund's shares closed at the end of December at VND27,500 on the Ho Chi Minh City Stock Exchange, a 28.3% discount to its NAV. The hefty discount was in part due to a preference by domestic investors during much of the year to buy directly in a bull market, get-rich-quick atmosphere. We expect the fund's investment opportunities to improve in 2008, particularly if the government proceeds with scheduled IPOs including two of the country's four biggest banks. The share sales should provide VF1 with a chance to disburse some of the cash it has accumulated

TOP TEN HOLDINGS

10. DANAO

Cost:	US\$8,266,668
Value:	US\$23,010,750
% of Net Assets:	2.55%
Initial Acquisition:	March 2005

Novotel Phan Thiet



Sofitel Dalat



Danao International Holdings (DIHL) holds, through several subsidiaries in the British Virgin Islands, shares in several high-end tourist-focused and other property assets in Ho Chi Minh City, the coastal city of Phan Thiet, and the highlands city of Dalat:

- Sofitel Dalat Palace Hotel, Dalat
- Novotel Dalat, Dalat
- Dalat Palace Golf Club, Dalat
- Villa 27, Dalat
- Novotel Ocean Dunes Resort, Phan Thiet
- Ocean Dunes Golf Club, Phan Thiet
- Riverside Apartments, Ho Chi Minh City

VEIL has a 45% stake in Danao, as well as the same share in more than US\$120m shareholder loans in the company. The group has also incurred US\$14.1m of debt to Lam Dong Tourist (LDT) in a debt-to-equity swap deal in September 2006 to get full ownership of Dalat assets in which LDT was previously a minority shareholder.

Due to the huge debts, Danao has reported losses in recent years (totaling US\$18.4m in 07 and US\$6.2m in 06), while remaining cash-flow positive. VEIL acquired its stake at a valuation of US\$23m.



REPORT OF THE
DIRECTORS
& 2007 AUDITED
FINANCIAL STATEMENTS

REPORT OF THE DIRECTORS

The Directors present their report and the audited consolidated financial statements of the Company for the year ended 31 December 2007.

Principal activity

The Company is an investment holding company incorporated as an exempted company with limited liability in the Cayman Islands. The shares of the Company are 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 enterprises in Vietnam.

Results and dividends

The Company's profit for the year ended 31 December 2007 and its financial position at that date are set out in the consolidated financial statements on pages 40 to 65.

The Directors do not recommend the payment of any dividend in respect of the year.

Share capital

Details of movements in the Company's share capital during the year are set out in the Consolidated Statement of Changes in Equity and in note 7 to the consolidated financial statements. On 25 May 2007, 150,000,000 conversion shares converted into 38,031,000 new redeemable shares at a ratio of 0.25354 new redeemable shares for each conversion share. As at 31 December 2007, VEIL's issued share capital comprised 158,021,000 redeemable shares and 1,000 management shares.

Directors

The directors of the Company during the year were:

Non-executive directors:

Dominic Scriven O.B.E.

John Shrimpton

Independent non-executive directors:

Richard McKegney

Wong Sin Foong

Hartmut Giesecke

In accordance with article 91 of the Company's articles of association, the independent non-executive directors are required to submit themselves for re-election at the next occurring Annual General Meeting. Richard McKegney was duly re-appointed at the Annual General Meeting held 31 December 2007 following the expiry of their respective terms.

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 spouse 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 and John Shrimpton have indirect interests in the share capital of the Company as they are also shareholders of Dragon Capital Group Limited, which holds the management shares of the Company. Dragon Capital Group Limited is also the ultimate parent company of the Investment Manager and Dragon Capital Markets Limited.

REPORT OF THE DIRECTORS

As at 31 December 2007, Dragon Capital Markets Limited also beneficially held 115,045 redeemable shares.

Richard McKegney is a director of NIG Asian Investments Ltd., a wholly-owned investment vehicle of the National Bank of Kuwait, which is a beneficial shareholder of the Company, holding 1,026,770 redeemable shares as at 31 December 2007.

Wong Sin Foong is the Country Manager for the International Finance Corporation (the IFC), which is a shareholder of the Company, holding 8,983,808 redeemable shares as at 31 December 2007. Harmut Giesecke is a director of Capital International which is a shareholder of the Company, holding 2,842,457 redeemable shares as at 31 December 2007.

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

Directors' interests in contracts

Dominic Scriven and John Shrimpton have indirect interests in the investment management agreement between the Company and Enterprise Investment Management Limited as they are also directors of Enterprise Investment Management Limited. Wong Sin Foong in his capacity as Country Manager for the IFC, is indirectly interested in the Investment Management Agreement, given the IFC's 9.9% shareholding in Dragon Capital Group. Except as described above, 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

At 31 December 2007, the Company's register of shareholders showed that the following shareholders each held more than a 10% interest in the issued share capital of the Company.

	Number of redeemable shares held	% of total redeemable shares in issue
Registered shareholder		
Citivic Nominees Limited	125,271,081	79.24%
Fortis Banque Luxembourg for Clearstream	31,693,490	20.06%

Citivic Nominees Limited is the depository for Euroclear and Fortis Banque Luxembourg for Clearstream is the depository for Clearstream Banking.

Post balance sheet events

Details of significant post balance sheet events of the Company are set out in note 14 to the consolidated financial statements.

Auditors

Ernst & Young are required to submit themselves for re-election at the next occurring Annual General Meeting. At the Annual General Meeting held on 31 December 2007, Ernst & Young were duly reappointed as auditors of the Company.

BY ORDER OF THE BOARD



Dominic Scriven O.B.E.
Director
1 May 2008



John Shrimpton
Director
1 May 2008

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Vietnam Enterprise Investments Limited

We have audited the accompanying financial statements of Vietnam Enterprise Investments Limited which comprise the consolidated balance sheet as of 31 December 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depended on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the financial position of Vietnam Enterprise Investments Limited as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young

Certified Public Accounts

18th Floor

Two International Finance Centre

8 Finance Street, Central

Hong Kong

1 May 2008

CONSOLIDATED BALANCE SHEET

31 DECEMBER 2007

	Notes	2007 USD	2006 USD	Change in %
CURRENT ASSETS				
Cash and cash equivalents	6	17,764,151	74,353,850	
Financial assets at fair value through profit or loss	5	917,190,305	693,952,591	
Amount due from brokers		1,081,287	-	
Prepayments and other receivables		2,010,668	34,509,087	
		938,046,411	802,815,528	
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	4, 10	36,815,386	81,244,072	
NET ASSETS		<u>901,231,025</u>	<u>721,571,456</u>	<u>+24.9%</u>
EQUITY				
Issued capital	7	1,580,220	2,699,910	
Share premium		313,021,325	311,901,635	
Retained earnings		586,629,480	406,969,911	
TOTAL EQUITY		901,231,025	721,571,456	
NUMBER OF REDEEMABLE SHARES IN ISSUE				
NUMBER OF REDEEMABLE SHARES IN ISSUE	7	158,021,000	119,990,000	
NET ASSET VALUE PER REDEEMABLE SHARE	9	<u>USD5.70</u>	<u>USD4.33</u>	<u>+31.6%</u>
NUMBER OF CONVERSION SHARES IN ISSUE				
NUMBER OF CONVERSION SHARES IN ISSUE	7	-	150,000,000	
NET ASSET VALUE PER CONVERSION SHARE		<u>N/A</u>	<u>USD1.35</u>	

Approved by the Board of Directors on 1 May 2008

Dominic Scriven O.B.E.
Director

John Shrimpton
Director

CONSOLIDATED INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2007

	Notes	2007 USD	2006 USD	Change in %
INCOME				
Non-bank income:				
Bond interest income		1,808,422	643,315	
Dividend income		26,336,196	7,114,129	
Other interest income from investments		35,525	12,292	
Sundry income		1,078,075	117,574	
		<u>29,258,218</u>	<u>7,887,310</u>	<u>+270.9%</u>
Bank interest income		<u>1,374,897</u>	<u>2,130,996</u>	<u>(35.5)%</u>
TOTAL INCOME		<u>30,633,115</u>	<u>10,018,306</u>	<u>205.8%</u>
EXPENSES				
Administration fee	10	(944,194)	(478,942)	
Audit fee		(57,324)	(68,000)	
Custodian fee	10	(282,598)	(147,893)	
Directors' fees	10	(47,597)	(71,918)	
Incentive fee	10	(30,483,461)	(80,391,495)	
Income participation fee		-	(160,717)	
Interest expense on a loan		-	(91,276)	
Interest expense on debt securities		(57,827)	-	
Legal and professional fees		(378,374)	(207,284)	
Management fee	10	(18,620,904)	(7,511,723)	
Withholding tax	11	(392,319)	(100,706)	
Other operating expenses		(170,550)	(196,612)	
TOTAL EXPENSES		<u>(51,435,148)</u>	<u>(89,426,566)</u>	<u>(42.5)%</u>
NET LOSS BEFORE INVESTMENT AND EXCHANGE GAINS				
		<u>(20,802,033)</u>	<u>(79,408,260)</u>	
INVESTMENT AND EXCHANGE GAINS				
Exchange gain/(loss), net		324,209	(824,606)	
Realised gains on investments		79,838,432	11,381,550	
Change in unrealised gains on listed investments		82,079,762	402,226,372	
Change in unrealised gains on unlisted investments		38,219,199	8,243,063	
		<u>200,461,602</u>	<u>421,026,379</u>	
PROFIT FOR THE YEAR		<u>179,659,569</u>	<u>341,618,119</u>	<u>(47.4)%</u>
EARNINGS PER REDEEMABLE SHARE	12	<u>0.88</u>	<u>2.65</u>	<u>(66.8)%</u>
EARNINGS PER CONVERSION SHARE	12	<u>0.33</u>	<u>0.38</u>	<u>(13.2)%</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2007

	Note	Issued capital USD	Share premium USD	Retained earnings USD	Total USD
At 1 January 2006		1,090,910	118,166,636	65,351,792	184,609,338
Issue of redeemable shares during the year*	7	109,000	45,234,999	-	45,343,999
Issue of conversion shares during the year **	7	1,500,000	148,500,000	-	150,000,000
Profit for the year		<u>-</u>	<u>-</u>	<u>341,618,119</u>	<u>341,618,119</u>
At 1 January 2007		2,699,910	311,901,635	406,969,911	721,571,456
Conversion of conversion shares ***	7	(1,119,690)	1,119,690	-	-
Profit for the year		<u>-</u>	<u>-</u>	<u>179,659,569</u>	<u>179,659,569</u>
At 31 December 2007		1,580,220	313,021,325	586,629,480	901,231,025

* This amount is shown net of a placement fee incurred of USD436,001 paid to Dragon Capital Markets Limited.

** This amount is shown net of a placement fee incurred of USD1,904,611 paid to Dragon Capital Markets Limited.

*** The conversion was made after more than 80% of the assets attributable to the conversion shares were invested directly or indirectly in Vietnam in accordance with investment policy of the Company. On 25 May 2007, 150,000,000 conversion shares ("C Shares") were converted into 38,031,000 new redeemable shares ("R Shares") at a ratio of 0.25354 new R Shares for each C Share based on the net asset value of both R Shares and C Shares as at 12 April 2007. The issued share capital of the Company as at 31 December 2007 comprises one single class of R shares, of which there are 158,021,000.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2007

	Note	2007 USD	2006 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		179,659,569	341,618,119
Adjustments for:			
Dividend income		(26,336,196)	(7,114,129)
Bank interest income		(1,374,897)	(2,130,996)
Bond interest income		(1,808,422)	(643,315)
Other interest income from investments		(35,525)	(12,292)
Interest expense on a loan		-	91,276
Interest expense on debt securities		57,827	-
Realised gains on investment		(79,838,432)	(11,381,550)
Change in unrealised gains on listed investment		(82,079,762)	(402,226,372)
Change in unrealised gains on unlisted investment		(38,219,199)	(8,243,063)
		<u>(49,975,037)</u>	<u>(90,042,322)</u>
(Increase)/decrease in operating assets:			
Amount due from brokers		(1,081,287)	-
Prepayments and other receivables		31,709,967	638,018
(Decrease)/increase in operating liabilities:			
Accounts payable and accrued liabilities	4	(44,428,686)	75,857,067
Cash used in operating activities		(63,775,043)	(13,547,237)
Purchase of financial assets and settlement of financial liabilities		(128,907,648)	(115,625,068)
Proceeds from sale of investments		105,807,327	28,530,088
Dividends received		27,012,619	7,240,161
Interest on bank deposits received		1,444,537	2,055,306
Interest on bond received		1,792,984	450,673
Other interest income from investments received		35,525	12,292
Interest on a loan paid		-	(151,276)
Net cash flows used in operating activities		<u>(56,589,699)</u>	<u>(91,035,061)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of redeemable shares		-	12,679,893
Issue of conversion shares		-	151,904,611
Placement fees paid		-	(2,340,612)
Repayment of an interest-bearing loan		-	(4,000,000)
Net cash flows generated from financing activities		<u>-</u>	<u>158,243,892</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(56,589,699)	67,208,831
Cash and cash equivalents at beginning of year		<u>74,353,850</u>	<u>7,145,019</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	<u>17,764,151</u>	<u>74,353,850</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2007

1. THE COMPANY

The Company is an investment holding company 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, and had no employees as at 31 December 2007.

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 redeemable shares of the Company are listed on the Irish Stock Exchange. The Company is established for an unlimited duration. At an extraordinary shareholders' meeting held on 5 May 2006, a special resolution was passed pursuant to which a special resolution to wind up the Company on 31 December 2012 shall be put before the annual general meeting of the Company to be held in the year 2010. If that special resolution is not passed at the annual general meeting of 2010, the Company will put before the annual general meeting of every successive even numbered year a special resolution to wind up the Company on 31 December of the second year following the date of that annual general meeting.

The Company operates in one country, Vietnam. Accordingly, the reporting of financial information by geographical segment is not presented in these consolidated financial statements.

2. IMPACT OF REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

The accounting policies and basis of preparation adopted in the presentation of the consolidated financial statements are consistent with those of the previous financial period. Except for the following revised IFRS, there have been no changes to IFRSs which have a significant impact on the financial statements.

The Company has adopted the following new and revised IFRSs and amendments to International Accounting Standards ("IAS") during the year:

- IAS 1 (Amendment) Presentation of Financial Statements: Capital Disclosures
- IFRS 7 Financial Instruments: Disclosures

IAS 1 (Amendment) requires the Company to make new disclosures about qualitative information to enable users of the financial statements to evaluate the Company's objectives, policies and processes for managing capital.

IFRS 7 requires disclosures that enable users of the financial statements to evaluate the significance of the Company's financial instruments and the nature and extent of risks arising from those financial instruments.

IFRS 7, Financial Instruments: Disclosures, and the complementary amendment to IAS 1, Presentation of Financial Statements: Capital Disclosures, have been effective in the current financial period. IFRS 7 introduces new disclosures relating to financial instruments. This standard does not have any impact on the classification and valuation of the Company's financial instruments. In accordance with the requirements of the amendment to IAS 1, additional disclosures have been provided on the Company's objective and policies for its capital. There is no impact on the classification and measurement of the Company's capital.

The Company has not applied the following new and revised standards, which have been issued but are not yet effective, in the financial statement. These are effective for annual periods beginning on or after 1 January 2008 or later periods.

- IAS 1 Revised Presentation of financial statements
- IAS 23 (Amendment) Borrowing costs

The revised IAS 1 Presentation of Financial Statements was issued in September 2007 and become effective for financial years beginning on or after 1 January 2009. The Standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of income and expense recognised income and expense, either in one single statement, or in two linked statements. The Company is still evaluating whether it will have one or two statements.

The revised IAS 23 Borrowing Costs was issued in March 2007, and becomes effective for financial years beginning on or after January 1, 2009. The Standard has been revised to require capitalisation of borrowing costs when such costs are directly attributable to the acquisition, construction or production of a qualifying asset. As the Company's current policy for borrowing costs aligns with the requirements of the revised standard, it is unlikely to have any financial impact on the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to these consolidated financial statements.

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB"), and the interpretations issued by the International Financial Reporting Interpretations Committee of the IASB.

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as at fair value through profit or loss.

Estimates and assumptions

The preparation of consolidated financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Management believes that the estimates utilised in preparing its consolidated financial statements are reasonable and prudent. Actual results could differ from these estimates.

Basis of consolidation

The consolidated financial statements comprise the unaudited financial statements of all intermediate holding companies as at 31 December each year. All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

Interest in joint venture

The Company has an interest in two joint ventures which are jointly-controlled entities. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control and a jointly-controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

The Company has two joint venture investments in Hanoi Lake View and Pacific Ocean Shipping Joint Venture Company, which have been classified as at fair value through profit or loss and stated at fair value in accordance with IAS 39.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Company has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Company has four associate investments in Concrete 620, Thang Long Cable, VF2 and VRICLTBR, which have been classified as at fair value through profit or loss and stated at fair value in accordance with IAS 39.

Financial instruments

(i) Classification

The Company designated all its debt and equity investments as well as related derivatives as financial assets and financial liabilities at fair value through profit or loss in accordance with IAS 39.

Financial assets and financial liabilities at fair value through profit or loss comprise equities, bonds and loans.

Financial instruments designated as at fair value through profit or loss upon initial recognition. These include financial assets or financial liabilities that are not held for trading, such as unlisted offshore investment funds, unlisted equity instruments and loans. These financial instruments are designated on the basis that their fair value can be reliably measured and their performance has been evaluated on a fair value basis in accordance with the risk management and/or investment strategy as set out in the Company's offering document.

(ii) Initial measurement

Purchases and sales of financial instruments are accounted for on trade date. Realised gains and losses on disposals of financial instruments are calculated using the weighted average cost method.

Financial instruments categorised as at fair value through profit or loss are measured initially at fair value, with transaction costs for such instruments being recognised in the income account.

(iii) Subsequent measurement

After initial measurement, the Company measures financial instruments which are classified as at fair value through profit or loss at their fair values. The fair value of financial instruments is based on their quoted market prices on a recognised exchange or sourced from a reputable broker/counterparty, and in the case of non-exchange traded instruments, at the balance sheet date without any deduction from estimated future selling costs.

Unlisted investments, for which an active over-the-counter market exists, are stated at fair value based upon the average price quotations received from two independent brokers. Unlisted investments in property holding companies and shipping companies are stated at fair values based on their attributed share of the value of the underlying property assets as determined by professional appraisers' valuations.

Unlisted investments for which no active market exists are stated at the directors' estimate of fair value. The directors determine fair value after giving consideration to cost, market conditions, current and projected operating performance and expected cash flows. Because of the inherent uncertainty of such valuations, the directors' estimated fair values could have differed significantly from the values for such investments had a ready market for these investments existed. As at the balance sheet date, unlisted investments representing 15.79% (2006: 4.26%) of the Company's net assets were subject to this assessment for their fair values.

Subsequent changes in the fair value of financial instruments at fair value through profit or loss are recognised in the income statement.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the balance sheets, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Share premium

On the issue of shares, the difference between the issue price and the nominal value of the shares is credited to share premium, less any transaction costs directly attributable to the raising of the equity.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Company and when the revenue can be measured reliably, on the following basis:

- (a) Dividend income is recognised when the shareholders' right to receive payment has been established; and
- (b) Bank and bond interest income is recognised on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable.

Expenses

All expenses, including management fee and incentive fee, are recognised in the consolidated income statement on an accrual basis.

Foreign currency translation

The functional currency and presentation currency of the Company has been determined to be the United States Dollars ("USD") as the Company's share capital is denominated in USD. The functional currency represents the currency in which the Fund primarily generates and expends cash from its activities. Transactions in foreign currencies other than the functional currency are recorded at the rates ruling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling at the balance sheet date. Realised and unrealised exchanges gains or losses on foreign currency transactions are credited or charged to the consolidated income statement as foreign currency gains or losses. The rate of exchange in effect at 31 December 2007 was USD1 to VND16,003 (2006: USD1 to VND16,043).

Related parties

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

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

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4. TRANSACTIONS WITH RELATED PARTIES

The Investment Manager, Enterprise Investment Management Limited, is responsible for identifying, making and monitoring investments on behalf of the Company. Dominic Scriven and John Shrimpton, directors of the Company, are also the directors of the Investment Manager. Dominic Scriven and John Shrimpton are also shareholders and directors of Dragon Capital Group Limited ("Dragon Capital"), the holder of the management shares of the Company and the ultimate parent company of the Investment Manager. The Company has also invested in VF1 and VF2, which are listed and unlisted funds respectively, and managed by VietFund Management Company. Dragon Capital Management, the parent company of the Investment Manager, has a 49% interest in VietFund Management Company.

During the year, the Directors, with the exception of Dominic Scriven and John Shrimpton, earned USD32,501 (2006: USD49,086) for their participation on the board of directors of the Company.

During the year, the Company sold 550,000 shares of Gemadep to an independent broker at arm's length for VND94,363,500,000 (equivalent to USD5,878,982). Vietnam Dragon Fund Limited ("VDF"), a company managed by Dragon Capital Management Limited, then purchased these 550,000 shares from the same broker at an arm's length price of VND94,713,520,000 (equivalent to USD5,900,789).

The Company sold 500,000 shares of Sacom Cable to an independent broker at arm's length for VND99,700,000,000 (equivalent to USD6,216,104). VDF then purchased these 500,000 shares from the same broker at an arm's length price of VND100,150,000,000 (equivalent to USD6,244,261).

The Company sold 1,600,000 shares of Vinamilk to an independent broker at arm's length for VND269,724,000,000 (equivalent to USD16,808,377). VDF purchased these 1,600,000 shares from the same broker at an arm's length price of VND270,724,480,000 (equivalent to USD16,870,724).

Prior to exercise of an option on 26 September 2007, the Company's holding in Vietnam Resource Investments Limited ("VRIL") represented its indirect holding of 50.01% in Vietnam Resource Investments (Cayman) Limited ("VRICLTBR") which, in turn, held 100% of Tiberon Minerals Limited ("Tiberon") through a chain of companies. After the exercise of the option, the Company held an indirect interest in Tiberon.

With an effective date of 26 September 2007, Vietnam Resource Investments Holdings Limited, a fund also managed by Dragon Capital Management, exercised an option granted by VRIL and acquired 8,483,832 existing shares in VRICLTBR from the owners of VRIL at a total payment of USD99,999,997 at arms' length. The purchase price for each VRICLTBL share was USD11.78713, which included the foreign exchange gains and a 5% premium, less acquisition costs for Tiberon. The 5% premium was determined by the directors of the DC Equity Funds to represent the fair value of appreciation for VRICLTBL shares. The proceeds of the purchase price have then been distributed between the owners of VRIL, which comprise the Dragon Capital Equity Funds managed by the same Investment Manager. As a result, the Company received a cash distribution of USD53,709,772, which comprises of a dividend payment of USD20,365,652, calculated based on its ownership of 11,777,251 shares in VRIL, a return of minimal over-subscription of USD19, a capital distribution of USD28,968,020, and a loan payable to VRIL for USD4,376,081.

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2007 USD	2006 USD	2006 USD
Investments comprise the following:			
	Redeemable shares	Redeemable shares	Conversion shares
Listed investments:			
Investments, at cost	162,939,948	94,881,460	72,841,933
Unrealised gains	499,080,102	366,629,033	50,371,307
At fair value	662,020,050	461,510,493	123,213,240
Unlisted investments:			
Investments, at cost	158,965,083	30,667,745	20,575,140
Unrealised gains	96,205,172	45,505,050	12,480,923
At fair value	255,170,255	76,172,795	33,056,063
Total financial assets at fair value through profit or loss	917,190,305	537,683,288	156,269,303

The valuations of investments are based on information known to the Directors and market conditions existing at the balance sheet date.

Key for Portfolio Listing

Top 10 Holdings Top Ten Holdings of the investment portfolio, see pages 26-35.

+ Addition to existing holding held as at 31 December 2006

New New holding in 2007

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

Listed investments

As at 31 December 2007, the Company held the following listed investments:

LISTED BONDS		MARKET VALUE USD	% of NAV
CII - Bond 8% 15/09/2009	Transportation	468,677	0.05
A collector of tolls and fees on BOT projects, CII is the only listed company dedicated exclusively to infrastructure. Its business is centred on HCMC, the region which accounts for two-thirds of Vietnam's GDP and macro-economic growth.			
TOTAL		468,677	0.05

OVERSEAS LISTED EQUITIES		MARKET VALUE USD	% of NAV
Asian Mineral	Materials/Resources	9,741,876	1.08
Asian Mineral is a New Zealand junior mining company listed on Toronto Stock Exchange Venture Exchange holding 90% of the Ban Phuc Nickel Mine. The company is developing a nickel/cobalt/copper property formerly controlled by Falconbridge Limited in north-western Vietnam which is due to go into production by mid-2009.			
Olympus Pacific	Materials/Resources	9,022,664	1.00
Olympus Pacific is a Canadian junior mining company focused on Vietnam, through its properties located near Danang. The company is producing modest amounts of gold at its Bong Mieu property and is due to bring its larger Phuoc Son property into production in late 2009. Olympus Pacific is listed on the Toronto Stock Exchange.			
Keeper Resources	Materials/Resources	2,832,291	0.31
+			
Keeper Resources is a Canadian junior mining company listed on the Toronto Stock Exchange Venture Exchange, with a focus on coal-bed methane and oil exploration in Vietnam. It owns a 5% gross over-riding royalty on Block 124 offshore from Khanh Hoa Province, and has negotiated a significant coal bed methane development project with Petro Vietnam in the region south of Hanoi.			
Vedan	Food/Beverage	2,025,772	0.23
Vedan is listed on the Hong Kong Stock Exchange, and is the number one producer of MSG in Vietnam, with a 60% market share split 55/45 between domestic sales and exports. The company is now comfortably in recovery after experiencing a period of high input costs in 2004 and 2005.			
TOTAL		23,622,603	2.62

VIETNAM LISTED EQUITIES		MARKET VALUE USD	% of NAV
ACB	Banks	166,039,913	18.42
Top 10 Holdings/+			
ACB is Vietnam's largest private bank and known for its innovation and application of international standards by bringing in Standard Chartered Bank as its strategic investor and spending aggressively on IT. ACB focuses on retail and commercial banking and has over 100 branches.			
Sacombank	Banks	110,594,125	12.27
Top 10 Holdings/+			
Sacombank offers a full range of bank products through its huge domestic network, with interests outside conventional banking: including fund management, non-life insurance and property. Sacombank is Vietnam's second largest private bank.			
REE	Real Estate	84,762,133	9.41
Top 10 Holdings/+			
REE is one of Vietnam's leading property investment companies, specialising in office development. Originally an electrical and mechanical contractor and white goods manufacturer, it successfully moved early into real estate as margins eroded in its original core businesses.			

VIETNAM LISTED EQUITIES (continued)		MARKET VALUE USD	% of NAV
Vinamilk	Food/Beverage	61,083,539	6.78
Top 10 Holdings			
Vinamilk is the largest listed industrial and the biggest national dairy product company in Vietnam. It has the top market share in all its main products, unequalled distribution, a top national brand name and rock-solid finances.			
Sacom Cable	Technology Hardware	55,116,780	6.12
Top 10 Holdings			
Sacom Cable is the country's biggest producer of copper telecom cables. Through its parent company, it has secured a 50%+ domestic market share. The company is building a new manufacturing facility that is fully integrated and highly cost-efficient.			
Gemadept	Transportation	33,856,244	3.76
Top 10 Holdings +			
Gemadept is a leading container operators in Vietnam, and the only one which offers a fully-integrated range of services including port, shipping, agency and logistical services. Ports operation is its core business, which it pursues through an ICD/mid-stream operation.			
VF1	Diversified Financials	32,049,680	3.56
Top 10 Holdings +			
VF1 is a closed-end fund managed by Vietfund Management with USD235m in net assets. VF1 is the first domestic fund ever launched in Vietnam and it has a substantial investor base and investment portfolio as a result			
CII	Transportation	20,557,388	2.28
+			
A collector of tolls and fees on BOT projects, CII is the only listed company dedicated exclusively to infrastructure, whose business is centered on HCMC; the region which accounts for two-thirds of Vietnam's GDP and macro-economic growth.			
Bao Viet Securities *	Diversified Financials	15,941,021	1.77
Established in 1999, Bao Viet became the fifth largest listed company in terms of capital by the end of 2007. Its key focus is underwriting whilst committing to the significant upgrade of its software systems.			
Thu Duc House **	Real Estate	13,534,027	1.50
Thu Duc House is a leading property development company, operating mainly in Hanoi and HCMC. It has development projects amounting to US\$120m in hand and controls a significant land bank.			
Concrete 620	Materials/ Resources	10,210,776	1.13
+			
Concrete 620 is a leading supplier of concrete and a contractor for infrastructure projects, focusing on bridge, road and port construction. Projects include the prestigious My Thuan cable-stayed bridge, the Hai Van Tunnel, and Can Tho Bridge.			
VinhSon-SongHinh	Utilities	9,836,778	1.09
VinhSon-SongHinh operates two hydro-electric power stations in central Vietnam. Due to good plant location and effective maintenance, it is one of the most efficient hydro operators in Vietnam. All the output is sold to Electricity of Vietnam (EVN) at predetermined prices.			
Thang Long Cable	Technology Hardware	7,873,770	0.87
Established in 2004 with a registered capital of USD4m, Thang Long Cable, is a newcomer to the telecoms cable industry. It operates a factory in Ha Tay province, near Hanoi, and currently runs two telecom cable production lines.			
Pha Lai Power	Utilities	5,583,909	0.62
Pha Lai Power is Vietnam's biggest listed power generator, running two coal-fired plants in the north, with a total capacity of 1,040MW. With its rigorous maintenance schedule and a skillful technical team, the plants are operating near full capacity, with low disruption rates.			

* Including equity rights with a fair value of USD10,026,508 and 1.11% of NAV

** Including equity rights with a fair value of USD682,905 and 0.08% of NAV

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

Listed investments (continued)

VIETNAM LISTED EQUITIES (continued)		MARKET VALUE USD	% of NAV
Agifish	Food/Beverage	5,445,588	0.61
+ Agifish is one of the Vietnam's largest fish processing exporters, specialising in Tra and Basa catfish. Agifish has a wide product range of over 100 species, including frozen and fresh fillets and other processed fish products.			
Binh Minh Plastics	Materials/Resources	3,878,544	0.43
Binh Minh Plastics is the country's leading plastic pipe producer. Following its 2007 listing, it aims to break out of its southern business base and build a truly national enterprise by increasing capacity and focusing on projects in the north of the country.			
Savimex	Consumer Durables	924,167	0.10
Savimex is a top exporter of wooden furniture, its original market is Japan, and it is now expanding its business into the US and the EU. Savimex recently diversified its business by developing properties to support its operations and maintain productivity during its low season..			
Halong Canning	Food/Beverage	640,286	0.07
As one of Vietnam's first manufacturing enterprises, Halong Canning is well established in its field with a product portfolio in excess of 100 products, ranging from canned food, such as fish, meat, fruit and vegetables, to the trusty spring roll.			
Thac Ba Power	Utilities	102	0.00
Operating a 120MW hydro plant in northern Vietnam, Thac Ba Power's output is mostly sold to state monopoly EVN, which has a 75% stake in the company. Under this arrangement, strong demand growth is assured, as is a viable purchase agreement and low costs.			
TOTAL		637,928,770	70.79
TOTAL LISTED INVESTMENTS		662,020,050	73.46

Unlisted investments:

As at 31 December 2007, the Company held the following unlisted investments:

VIETNAM UNLISTED EQUITIES		MARKET VALUE USD	% of NAV
VP Bank	Banks	34,147,985	3.79
Top 10 Holdings/+ Founded in 1993, VP Bank was one of the first private local banks to be established. It now possesses an extensive branch network of nearly 100 offices. VP Bank successfully installed the T24 core banking system in 2007.			
Vinaconex	Real Estate	21,371,661	2.37
Vinaconex is a leading player in the construction sector, with majority stakes in 45 companies, 24 subsidiary companies and 15 affiliate companies. Its strong national coverage encompassing all major cities makes it a serious contender for both coverage and price.			
Phuong Nam Bank	Banks	10,298,979	1.14
With a customer base mainly of Chinese descendants, Phuong Nam Bank has proven its capacity over time and is respected for its competence in the banking sector. A capital increase at the end 2006 assisted expansion and further promoted its competitiveness.			
Saigon Tel	Real Estate	6,905,171	0.77
New Saigon Tel is the pioneer in Science Park Development in Vietnam. The Company also focuses on ICT buildings and tele-communications projects. The company is currently working on a WI-Max R&D project for the mobile network.			
TOTAL LISTED INVESTMENTS		72,723,796	8.07

OVERSEAS UNLISTED EQUITIES		MARKET VALUE USD	% of NAV
VRICLTBR	Materials/Resources	86,510,280	9.60
Top 10 Holdings			
VRICLTBR indirectly holds an interest in Tiberon which is on course to become one of the world's largest, low cost producers of tungsten, bismuth and fluorspar. Tiberon itself owns a 70% interest in the Nui Phao Project in northern Vietnam. VRICLTBR holds 100% of Tiberon through a chain of companies and is owned 21.29% by VEIL.			
VIFS	Diversified Financials	1,680,000	0.18
Launched in the early 1990's, VIFS is an unlisted Singapore-managed, closed-end fund, which has been winding down its investments for a number of years, with a small level of residual holdings.			
TOTAL		88,190,280	9.78
PRIVATE EQUITIES		MARKET VALUE USD	% of NAV
Danao	Consumer Services	23,010,750	2.55
Top 10 Holdings			
Danao owns majority interests in key tourism assets within Vietnam, including Riverside Apartments in HCMC, the Sofitel Dalat Palace Hotel, Dalat Palace Golf Club and Novotel Dalat Hotel in the mountain resort of Dalat, and the Novotel Ocean Dunes Resort and Ocean Dunes Golf Club in the coastal town of Phan Thiet.			
VF2	Diversified Financials	16,188,740	1.80
+			
VF2 is the second closed-end fund managed by VFM. VF2 is an unlisted member fund, with similar investment strategies to those of VF1.			
Hanoi Lake View	Real Estate	8,700,000	0.97
Hanoi Lake View is a 70:30 joint venture which holds a single-property high-end apartment building situated in one of Hanoi's most desirable locations. Historically it has maintained high occupancy rates.			
Pacific Ocean	Transportation	2,884,153	0.32
Established in 2003 in the field of petroleum transport at a time when government approval for fully foreign-owned businesses was hard to acquire. It has generated strong business activities to date.			
Global Cybersoft	Software & Services	2,404,958	0.27
A leading software development company which specialises in factory automation, PCB design, mobile phone and security applications. It combines low cost, highly skilled development teams in Vietnam with Silicon Valley experience, connections and clientele.			
PDD	Real Estate	929,617	0.10
PDD owns an 11 storey office building in the central business district of HCMC. Its smart and active marketing strategy kept it afloat during the Asian crisis, and continues to enable it to achieve occupancy above 90%.			
Glass Egg	Software & Services	Nil	Nil
The company has become one of the world's largest 3D games development specialists, subcontracted to world-class clients such as Microsoft and Electronic Arts. The company is well-positioned to exploit development of the domestic gaming market.			
TOTAL LISTED INVESTMENTS		54,118,218	6.01

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

Unlisted investments (continued)

LOANS		MARKET VALUE USD	% of NAV
Danao - Loan 8.5% due			
02/08/2009	Consumer Services	1,850,556	0.20
New			
Danao owns majority interests in key tourism assets within Vietnam, including Riverside Apartments in HCMC, the Sofitel Dalat Palace Hotel, Dalat Palace Golf Club and Novotel Dalat Hotel in the mountain resort of Dalat, and the Novotel Ocean Dunes Resort and Ocean Dunes Golf Club in the coastal town of Phan Thiet.			
Glass Egg - Promissory notes 9%			
31/12/2008	Software & Services	Nil	Nil
New			
The company has become one of the world's largest 3D games development specialists, subcontracted to world-class clients such as Microsoft and Electronic Arts. The company is well-positioned to exploit development of the domestic gaming market.			
TOTAL LISTED INVESTMENTS		1,850,556	0.20
UNLISTED BONDS		MARKET VALUE USD	% of NAV
Agri-Bond 10.2% 10/10/2021	Banks	21,137,322	2.35
Agribank is a leading state-owned commercial bank which plays an important role in the growing agricultural and rural economy, as well as other areas of Vietnam's economy.			
ACB Conv Bond	Banks	17,150,083	1.90
ACB is Vietnam's largest private bank and known for its innovation and application of international standards by bringing in Standard Chartered Bank as its strategic investor and spending aggressively on IT. ACB focuses on retail and commercial banking and has over 100 branches.			
TOTAL		38,287,405	4.25
TOTAL UNLISTED INVESTMENTS		255,170,255	28.31
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		917,190,305	101.77

The Company's interests in the following investments are wholly or partially held through 100% interests in Geffen Limited, Veil Holdings Limited, Venner Group Limited, Grinling International Limited, Wareham Group Limited and Goldchurch Limited and a 90% interest in Dragon Financial Holdings Limited, all of which are investment holding companies incorporated in the British Virgin Islands.

Issuer:	Held by:
ACB	Dragon Financial Holdings Limited
ACB Conv Bond	Dragon Financial Holdings Limited
Agifish	Wareham Group Limited
Agri-Bond 10.2% 10/10/2021	Grinling International Limited
Bao Viet Securities	Directly by the Company
	Goldchurch Limited
	Wareham Group Limited
Binh Minh Plastics	Grinling International Limited
CII	Directly by the Company
	Grinling International Limited
Concrete 620	Wareham Group Limited
	Grinling International Limited
Gemadept	Wareham Group Limited
	Grinling International Limited
Halong Canning	Goldchurch Limited
Pacific Ocean	Geffen Limited
Pha Lai Power	Directly by the Company
	Grinling International Limited
Phuong Nam Bank	Dragon Financial Holdings Limited
REE	Venner Group Limited
	Veil Holdings Limited
	Wareham Group Limited
Sacom Cable	Directly by the Company
	Wareham Group Limited
Sacombank	Dragon Financial Holdings Limited
Savimex	Wareham Group Limited
Thang Long Cable	Grinling International Limited
Thu Duc House	Grinling International Limited
VF1	Directly by the Company
	Wareham Group Limited
VP Bank	Dragon Financial Holdings Limited
Vinamilk	Directly by the Company
	Grinling International Limited
Vinaconex	Grinling International Limited
Vinh Son-Song Hinh	Directly by the Company
	Grinling International Limited

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6. CASH AND CASH EQUIVALENTS

	2007 USD	2006 USD
Cash on demand	2,372,806	22,483,817
Time deposits	<u>15,391,345</u>	<u>51,870,033</u>
	<u>17,764,151</u>	<u>74,353,850</u>

Cash and cash equivalents include VND246,300,000,000 (equivalent to USD15,391,345) placed on time deposit at HSBC Ho Chi Minh City Branch, at an interest rate of 4.8% per annum.

Cash on demand earns interest at variable rates.

7. SHARE CAPITAL

	2007 USD	2006 USD
Authorised:		
500,000,000 (2006: 300,000,000) redeemable shares of USD0.01 each	5,000,000	3,000,000
300,000,000 (2006: 150,000,000) conversion shares of USD0.01 each	3,000,000	1,500,000
1,000 (2006: 1000) management shares of USD0.01 each	<u>10</u>	<u>10</u>
	<u>8,000,010</u>	<u>4,500,010</u>
Issued and fully paid:		
158,021,000 (2006: 119,990,000) redeemable shares of USD0.01 each	1,580,210	1,199,900
Nil (2006: 150,000,000) conversion shares of USD0.01 each	-	1,500,000
1,000 (2006: 1,000) management shares of USD0.01 each	<u>10</u>	<u>10</u>
	<u>1,580,220</u>	<u>2,699,910</u>

A summary of the transactions during the year with reference to the above movements in the Company's issued share capital is as follows:

	Number of redeemable shares	Number of conversion shares
At 1 January 2006	109,090,000	-
Issue of conversion shares	-	150,000,000
Issue of redeemable shares	<u>10,900,000</u>	-
At 31 December 2006 and 1 January 2007	119,990,000	150,000,000
Conversion of conversion shares	<u>38,031,000</u>	<u>(150,000,000)</u>
At 31 December 2007	<u>158,021,000</u>	-

The conversion shares were converted into redeemable shares on 25 May 2007, taking into account the respective net asset values of the redeemable shares and the conversion shares as at 12 April 2007. Holders of conversion shares were issued a sufficient number of new redeemable shares to reflect the existing net asset value of each class of share as at the Conversion Date. The new redeemable shares arising on the conversion of the conversion shares rank pari passu in all respects with the existing redeemable shares.

8. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Particulars of the profit attributable to the different classes of shares for the period ended 12 April 2007, year ended 31 December 2007 and year ended 31 December 2006, are as follows:

	Period from 1 January 2007 to 12 April 2007 Conversion shares USD	Year ended 31 December 2007 Redeemable shares USD	Year ended 31 December 2007 Conversion shares USD	Year ended 31 December 2007 Redeemable shares USD
INCOME				
Bond interest income	405,521	1,402,901	314,772	328,543
Dividend income	675,252	25,660,944	175,649	6,938,480
Other interest income from investments	-	35,525	-	12,292
Sundry income	6,863	1,071,212	-	117,574
	1,087,636	28,170,582	490,421	7,396,889
Bank interest income	<u>360,268</u>	<u>1,014,629</u>	<u>1,921,271</u>	<u>209,725</u>
TOTAL INCOME	<u>1,447,904</u>	<u>29,185,211</u>	<u>2,411,692</u>	<u>7,606,614</u>
EXPENSES				
Administration fee	(71,517)	(872,677)	(89,284)	(389,658)
Audit fee	5,772)	(51,552)	(20,655)	(47,345)
Custodian fee	(21,298)	(261,300)	(24,047)	(123,846)
Directors' fees	(3,811)	(43,786)	(10,379)	(61,539)
Incentive fee	(8,285,904)	(22,197,557)	(11,694,396)	(68,697,099)
Income participation fee	-	-	-	(160,717)
Interest expense on a loan	-	-	-	(91,276)
Interest expenses on debt securities	-	(57,827)	-	-
Legal and professional fees	(32,534)	(345,840)	(71,577)	(135,707)
Management fee	(1,367,858)	(17,253,046)	(1,403,568)	(6,108,155)
Withholding tax	-	(392,319)	-	(100,706)
Other operating expenses	(16,260)	(154,290)	(31,946)	(164,666)
TOTAL EXPENSES	<u>(9,804,954)</u>	<u>(41,630,194)</u>	<u>(13,345,852)</u>	<u>(76,080,714)</u>
NET LOSS BEFORE INVESTMENT AND EXCHANGE GAINS	(8,357,050)	(12,444,983)	(10,934,160)	(68,474,100)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2007

8. PROFIT ATTRIBUTABLE TO SHAREHOLDERS (continued)

Particulars of the profit attributable to the different classes of shares for the period ended 12 April 2007, year ended 31 December 2007 and year ended 31 December 2006 are as follows (continued):

	Period from 1 January 2007 to 12 April 2007 Conversion shares USD	Year ended 31 December 2007 Redeemable shares USD	Year ended 31 December 2007 Conversion shares USD	Year ended 31 December 2007 Redeemable shares USD
INVESTMENT AND EXCHANGE GAINS				
Exchange gain/(loss), net	98,396	225,813	43,513	(868,119)
Realised gains on listed investments	2,485,108	77,353,324	-	11,381,550
Change in unrealised gains				
on listed investments	21,026,757	61,053,005	50,371,307	351,855,065
Change in unrealised gains/(losses)				
on unlisted investments	<u>34,047,333</u>	<u>4,171,866</u>	<u>12,480,923</u>	<u>(4,237,860)</u>
	57,657,594	142,804,008	62,895,743	358,130,636
PROFIT FOR THE PERIOD/YEAR	<u>49,300,544</u>	<u>130,359,025</u>	<u>51,961,583</u>	<u>289,656,536</u>

9. NET ASSET VALUE

Redeemable Share

The calculation of the net asset value per redeemable share is based on the net assets attributable to the redeemable shares as at 31 December 2007 of USD901,231,015 (2006: USD519,609,873) and 158,021,000 (2006: 119,990,000) redeemable shares in issue at that date.

10. FEES

The management, incentive, administration and custodian fees are calculated based on the net asset value attributable to each class of shares of the Company.

Management fee

The Investment Manager is entitled to a management fee equal to 2% per annum of the Net Asset Value attributable to each class of shares of the Company, paid on a monthly basis and in arrears. At 31 December 2007, a management fee of USD1,545,095 (2006: nil) was payable to the Investment Manager.

Incentive fee

In addition to the management fee, the Investment Manager is also entitled to receive an incentive fee, which is calculated by the administrator as at the end of each accounting period.

The incentive fee is charged at a rate of 20% of the net gains ("N"), provided that N is a positive figure in the following calculation:

$$N = O - P,$$

where:

O is the Net Asset Value of the redeemable and separately conversion shares (each class calculated separately) on the last valuation day in that accounting period plus the net asset value of all distributions made in respect of such shares in all prior years by way of a dividend, or a return of capital, or otherwise;

P is an amount equal to the sum of:

- i) An amount of O previously determined in the calculation of the most recent incentive fee actually paid, compounded at the rate of 8% per annum with effect from the valuation day by reference to the most recent prior incentive fee was calculated; and
- ii) any amounts of capital raised by the issue of new redeemable shares during the period since the valuation day referred to at (i) above, exclusive of placing fees, compounded at the rate of 8 percent per annum with effect from the date of issue of those shares until the last valuation day in that accounting period.

As at 31 December 2007, an incentive fee of USD30,483,461 (2006: USD80,391,495) was payable to the Investment Manager.

The investment management agreement

The investment management agreement may be terminated by mutual agreement or terminated forthwith by either party by written notice if the Investment Manager or the Company becomes unable to pay its debts or becomes bankrupt; or if a receiver is appointed over any of their assets, or if either party commits a material breach of the investment management agreement without remedying such breach within 30 days of receipt of such written notice to do so.

In addition, the investment management agreement may be terminated by the Company if the Investment Manager is negligent of its duties in a manner which results in a substantial loss (in the opinion of a majority of the board of directors) incurred by the Company or if the Investment Manager goes into involuntary liquidation.

In the event of the termination of the investment management agreement without cause, the Company shall pay the Investment Manager a sum equal to 10% of the amounts raised pursuant to all placing of all shares of the Company to which the Investment Management agreement relates by way of liquidated damages, in full and final satisfaction of all claims of the Investment Manager.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2007

10. FEES (continued)

Directors' fees

The fees payable to the Board of Directors as a whole are subject to a maximum aggregate amount of USD100,000 per annum. Dominic Scriven and John Shrimpton have permanently waived their rights to receive directors' fees for their services as directors of the Company. As at 31 December 2007, directors' fees payable to the other directors were USD11,875 (2006: Nil).

Administration fee

Fortis Prime Fund Solutions (Cayman) Limited (the "Administrator") is entitled to a fee of 0.10% of the Net Asset Value per annum (2006: 0.12%), payable monthly in arrears subject to a minimum monthly fee. As at 31 December 2007, an administration fee of USD77,255 (2006: USD59,033) was payable to the Administrator.

Custodian fee

Fortis Prime Fund Solutions Bank (Ireland) Limited (the "Custodian") is entitled to a fee of 0.03% of the net asset value per annum, subject to a minimum monthly fee. As at 31 December 2007, a custodian fee of USD23,176 (2006: USD14,758) was payable to the Custodian.

11. TAX

Under the current law of the Cayman Islands, the Company is not required to pay any taxes in the Cayman 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.

Due to a change in government legislation, the Company is subject to 10% withholding tax on the interest received from Vietnamese investee companies. Dividends remitted by Vietnamese investee companies to foreign investors are not subject to withholding taxes.

If the Company disposes of its interests in its British Virgin Islands subsidiaries, no gain will be subject to income tax or capital gains tax.

12. BASIC EARNINGS PER SHARE

Redeemable shares

The calculation of basic earnings per redeemable share for the year is based on the profit for the year attributable to the redeemable shares of USD130,359,025 (2006: USD289,656,536) and the weighted average of 147,393,159 (2006: 109,418,493) redeemable shares in issue during the year.

Conversion shares

The conversion shares were converted into redeemable shares on 25 May 2007, based on the net asset value of both R Shares and C Shares as at 12 April 2007. The calculation of basic earnings per conversion share for the period from 1 January 2007 to 12 April 2007 is based on the net profit attributable to the conversion shares of USD49,300,544 (2006: USD 51,961,583) and the weighted average of 150,000,000 (2006: 136,114,286) conversion shares issued during the period from 1 January 2007 to 12 April 2007.

13. FINANCIAL RISK MANAGEMENT

The Company invests in listed and unlisted investments in Vietnam, Hong Kong, Canada and Australia, and is exposed to market risk, interest rate risk, credit risk, liquidity risk and currency risk arising from the financial instruments it holds. The Company has formulated risk management policies and guidelines which govern its overall business strategies and its general risk management policies, and has established processes to monitor and control transactions in a timely and accurate manner. In essence, the Company and its Investment Manager practice 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 net assets. Nevertheless, the markets 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.

(a) Market risk

All investments present a risk of loss of capital. The Company is exposed to market risk on all of its listed investments and certain unlisted investments for which an active over-the-counter market exists. This market risk relates to the Vietnam Stock Exchange and other stock exchanges where the Company's investments are listed, and in the case of unlisted investments, the over-the-counter market. The Company's overall market positions are monitored on a daily basis by the Investment Manager.

As at 31 December 2007, the Company's market risk is deemed to be affected by three main components: changes in actual market prices, changes in interest rates, and foreign currency movements. Interest rate and foreign currency movements are covered in Notes 13(b) and 13(e) respectively. The Company's market price risk is managed by the Investment Manager who seeks to moderate risk through a careful selection of securities within specified limits.

At 31 December 2007, the overall exposures were as follows:

	Bonds	Listed	Over-the-counter	Unlisted	Loan
	USD	equities	equities	equities	USD
	USD	USD	USD	USD	USD
Canada	-	21,596,831	-	86,510,280	-
Hong Kong	-	2,025,772	-	-	-
Vietnam	38,756,082	637,928,770	72,723,796	55,798,218	1,850,556
Total	38,756,082	661,551,373	72,723,796	142,308,498	1,850,556

At 31 December 2006, the overall exposures were as follows:

	Bonds	Listed	Over-the-counter	Unlisted	Loan
	USD	equities	equities	equities	USD
	USD	USD	USD	USD	USD
Australia	-	665,113	-	-	-
British Virgin Islands	-	-	-	731	-
Canada	-	28,960,518	-	32,118	-
Hong Kong	-	2,457,680	-	-	-
Vietnam	76,875,355	475,765,067	65,328,532	43,527,477	340,000
Total	76,875,355	507,848,378	65,328,532	43,560,326	340,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2007

13. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

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 stocks. The trading equity price risk exposure arises from the Company's investment portfolio. Management's best estimate of the effect on net assets and profits due to a reasonably feasible change in equity indices, with all other variables held constant, is as follows:

Market Indices	2007		2006	
	Change in equity price %	Effects on net assets USD million	Change in equity price %	Effects on net assets USD million
VN-Index	+5	7.63	+5	2.85
VN-Index	-5	(7.63)	-5	(2.85)
Hanoi Index	+10	13.10	+10	6.08
Hanoi Index	-10	(13.10)	-10	(6.08)

(b) Interest rate risk

The Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of floating market interest rates on its financial position and cash flows. Whilst the Company may borrow funds from banks and other financial institutions in order to increase the amount of capital available for its investments, it is not its current policy to do so. Consequently, the level of interest rates at which the Company can borrow if it chose to do so will affect the operating results of the Company.

The table below summarises the Company's exposure to interest rate risks. It includes the Company's assets and trading liabilities at fair value, categorised by the earlier of contractual re-pricing or maturity date.

31 December 2007					
	Up to 1 year USD	1 to 5 years USD	Over 5 years USD	Non-interest bearing USD	Total USD
ASSETS					
Cash and cash equivalents	17,764,151	-	-	-	17,764,151
Financial assets at fair value					
through profit or loss	-	19,469,316	21,137,322	876,583,667	917,190,305
Amount due from brokers	-	-	-	1,081,287	1,081,287
Prepayments and other receivables	-	-	-	2,010,668	2,010,668
TOTAL ASSETS	<u>17,764,151</u>	<u>19,469,316</u>	<u>21,137,322</u>	<u>879,675,622</u>	<u>938,046,411</u>
LIABILITIES					
Accounts payable and accrued liabilities	(4,376,081)	-	-	(32,439,305)	(36,815,386)
TOTAL LIABILITIES	<u>(4,376,081)</u>	<u>-</u>	<u>-</u>	<u>(32,439,305)</u>	<u>(36,815,386)</u>
Interest sensitivity gap for					
net assets	<u>13,388,070</u>	<u>19,469,316</u>	<u>21,137,322</u>	<u>847,236,317</u>	<u>901,231,025</u>

31 December 2006					
	Up to 1 year USD	1 to 5 years USD	Over 5 years USD	Non-interest bearing USD	Total USD
ASSETS					
Cash and cash equivalents	74,353,850	-	-	-	74,353,850
Financial assets at fair value					
through profit or loss	-	61,273,327	15,942,028	616,737,236	693,952,591
Prepayments and other					
receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,509,087</u>	<u>34,509,087</u>
TOTAL ASSETS	<u>74,353,850</u>	<u>61,273,327</u>	<u>15,942,028</u>	<u>651,246,323</u>	<u>802,815,528</u>
LIABILITIES					
Accounts payable and accrued					
liabilities	-	-	-	(81,244,072)	(81,244,072)
TOTAL LIABILITIES	-	-	-	(81,244,072)	(81,244,072)
Interest sensitivity gap for					
net asset value	<u>74,353,850</u>	<u>61,273,327</u>	<u>15,942,028</u>	<u>570,002,251</u>	<u>721,571,456</u>

At 31 December 2007, had the interest rate lowered by 25 basis points with all other variables remaining constant, the decrease in net assets attributable to holders of redeemable shares for the period would have amounted to approximately USD139,975 (2006: USD230,491). Had the interest rate risen by 25 basis points, the increase in net assets would have amounted to approximately USD139,975 (2006: USD230,491).

In accordance with the Company's policy, the Investment Manager monitors the Company's overall interest sensitivity on a monthly basis. Interest on USD cash balances is at floating rates and cash and cash equivalents are subject to cash flow interest rate risk. The average effective interest rates for cash and cash equivalents on USD credit balances, for period ended 31 December 2007 were from 2.8% to 4.45%, (year ended 31 December 2006: from 4.4% to 5.16%).

(c) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable to meet a commitment that it has entered into with the Company. The Company's assets will only be traded on or subject to the rules of a recognised stock exchange or with counterparties which have, or whose parent company has, a specified credit rating. 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. The Company is exposed to credit risk on its loans receivable from its unlisted investee companies amounting to USD1,850,556 and the cash placed in financial institutions. The carrying amounts of the loans and bank balances represent the maximum amount of credit risk faced by the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2007

13. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk

Liquidity risk is defined as the risk that the Company may not be able to settle or meet its obligations on time or at a reasonable price. The Company manages its liquidity risk by investing primarily in marketable securities. In addition, liabilities maturing immediately are negligible when compared to the liquidity afforded by these marketable securities.

(e) Foreign currency risk

The Company's redeemable shares are denominated in USD, and its shares are issued in this currency. The assets of the Company may, however, be invested in securities and other investments which are denominated in currencies other than the USD. Accordingly, the value of such investments may be affected favourably or unfavourably by fluctuations in currency exchange rates and, therefore, the Company is subject to foreign exchange risks. The Investment Manager monitors the Company's currency position on a monthly basis.

The table below summarises the Company's exposures to various currencies. All amounts are stated in USD.

31 December 2007				
	AUD	CAD	HKD	VND
ASSETS				
Cash and cash equivalents	2,953	2,022	201,083	15,491,747
Financial assets at fair value				
through profit or loss	-	21,596,831	2,025,772	768,481,541
Amount due from brokers	-	-	-	1,081,287
Prepayments and other				
receivables	-	-	-	1,527,103
TOTAL ASSETS	<u>2,953</u>	<u>21,598,853</u>	<u>2,226,855</u>	<u>786,581,288</u>

31 December 2006				
	AUD	CAD	HKD	VND
ASSETS				
Cash and cash equivalents	42,783	109	115,293	3,886,487
Financial assets at fair value				
through profit or loss	665,113	28,992,636	2,457,680	632,194,570
Prepayments and other				
receivables	-	-	-	164,136
TOTAL ASSETS	<u>707,896</u>	<u>28,992,745</u>	<u>2,572,973</u>	<u>636,245,193</u>

At 31 December 2007, had the exchange rate between the USD and the AUD increased or decreased by 5% with all other variables held constant, the increase or decrease respectively in net assets attributable to holders of redeemable shares would have amounted to approximately USD148 (2006: R Shares – USD35,395 and C Shares – nil).

At 31 December 2007, had the exchange rate between the USD and the CAD increased or decreased by 5% with all other variables held constant, the increase or decrease respectively in net assets attributable to holders of redeemable shares would have amounted to approximately USD1,079,943 (2006: R Shares – USD1,129,900 and C Shares – USD319,737).

At 31 December 2007, had the exchange rate between the USD and the HKD increased or decreased by 5% with all other variables held constant, the increase or decrease respectively in net assets attributable to holders of redeemable shares would have amounted to approximately USD111,343 (2006: R Shares – USD128,649 and C Shares – nil).

At 31 December 2007, had the exchange rate between the USD and the VND increased or decreased by 5% with all other variables held constant, the increase or decrease respectively in net assets attributable to holders of redeemable shares would have amounted to approximately USD39,329,084 (2006: R Shares – USD24,277,550 and C Shares – USD7,534,710).

(f) Capital management

The Company considers the capital to be managed as equal to the net assets attributable to the holders of redeemable shares. The Company has engaged the Investment Manager to allocate the net assets in such a way as to generate investment returns that are commensurate with the investment objectives outlined in the Company's offering documents.

14. POST BALANCE SHEET EVENTS

On 28 January 2008, the Company acquired 1,000,000 shares of Saigon Beer Alcohol and Beverage Company at auction for a total value of VND70,000,000,000 (equivalent to USD4.38 million).

On 26 February 2008, after a considerable process involving the commissioning of two independent valuations from leading international real estate valuers, the independent directors of the Company approved the sale of the entire issued and outstanding share capital UD Holdings Limited, which held a 70% interest in Hanoi Lake View to Dragon Capital Property Limited (the "Purchaser"), an affiliate company of the Investment Manager, for the sum of USD8,750,000 (the "Purchase Price"). This price reflected a premium to the mid-price valuation of the two independent valuations and a premium to the carrying value of the holding for the Company as at the end of 2007 of USD8,700,000 (2006: USD7,850,000). The Purchase Price was paid by the Investment Manager on behalf of the Purchaser by reducing the incentive fee payable to the Investment Manager by an amount equivalent to the Purchase Price.

15. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 1 May 2008.





ADMINISTRATION

The shares of VEIL are listed on the Irish Stock Exchange. Price updates are available on Bloomberg (VIETENI KY EQUITY) and Reuters (VIET).

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We are conscious of the effects we have on our environment and the positive difference we can make to our communities. It is of paramount importance to the company that we are not only conscious of this, but take action to do all we can to make a positive contribution. To help combat global warming, Dragon Capital has been Carbon Neutral since 2005, and currently supports the Kotmar Waste Heat Recovery Project in India. This energy efficiency project captures waste heat at a steel plant and uses it to produce electricity which is subsequently fed into the local grid. The project has generated emission reductions of 74,263 tCO₂ equivalent between 2004 and 2007, verified and certified to the Voluntary Carbon Standard. We look forward to supporting future renewable energy projects within Vietnam as they arise.

**CERTIFIED
CARBON
NEUTRAL®**

Company

John Marks

CarbonNeutral.com

CO₂ emissions reduced to
net zero in accordance with
The CarbonNeutral Protocol

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