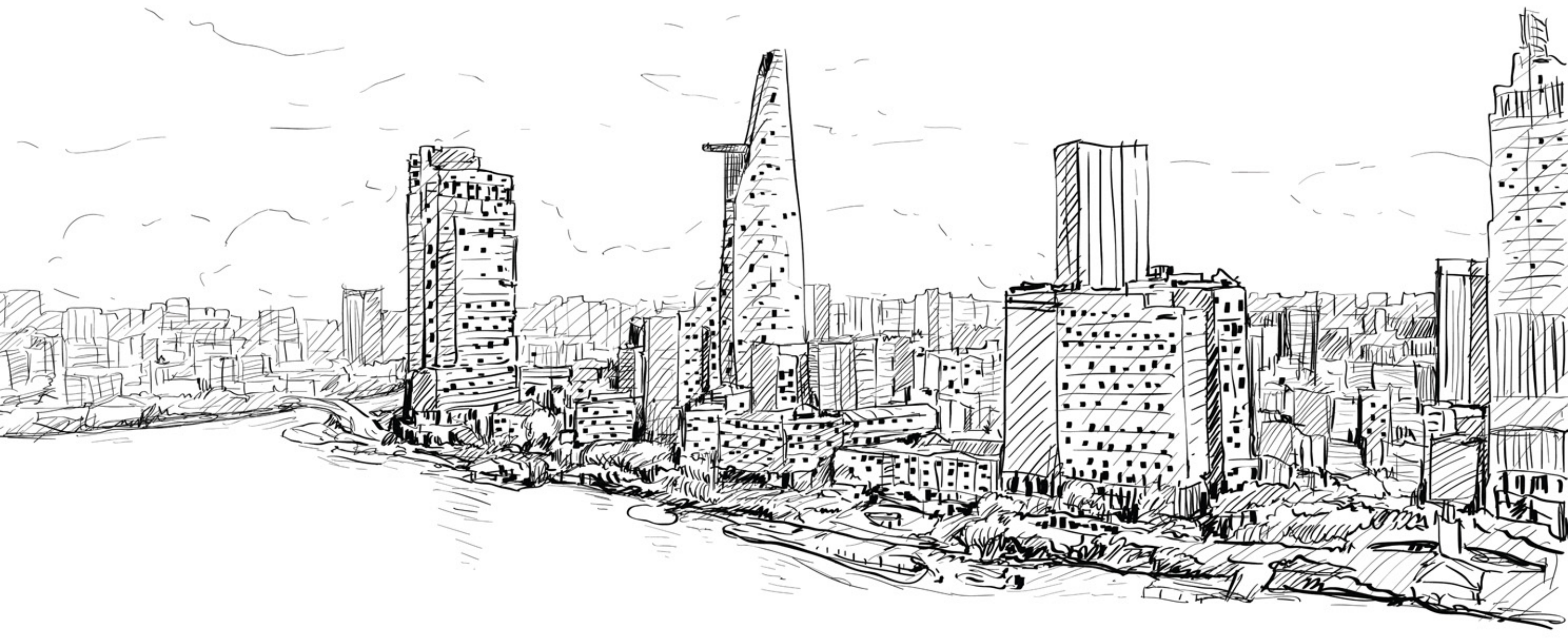
DRAGON CAPITAL

Vietnam Enterprise Investments Limited

Annual Report 2020



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1. Chair's Statement

Dear Shareholders,

In 2020, the coronavirus pandemic disrupted global economies and Vietnam was no exception. However, the country's swift and decisive response to contain COVID-19 successfully mitigated the overall impact, resulting in lower casualties compared to much of the rest of the world, allowing it to re-open its economy far sooner than many others.

Consequently, Vietnam continued to post strong GDP growth through 2020 at 2.9%. The domestic economy was able to maintain a moderate level of growth, while exports rose, albeit at a lower rate. Following the initial impact of the first wave of the coronavirus in the second quarter of the year, GDP steadily accelerated, and in the fourth quarter increased by 4.5%, generating positive momentum for 2021. In terms of positive drivers for Vietnam in 2020, trade was a standout performer. Supply chain shifts continued and foreign direct investment (FDI) kept rolling in. New global players like Pegatron, Apple and Nintendo continue to enter the market, while existing brands such as Samsung, LG and Foxconn continue to invest. This has enabled Vietnam to bring new higher-end products on stream, particularly in tech and machine equipment. At the same time, Vietnam has been winning market share from pandemic-stricken competitors in traditional lower-end products like agriculture and textiles. As a result, exports rose by 6.5% to US$281 billion in 2020. While a drop from previous years, it is remarkable that exports continued to grow. Meanwhile, imports rose by 3.7% to US$262 billion. The result was a US$19.1 billion trade surplus, equal to 5.6% of GDP. The Vietnamese Dong remained stable with only a minor appreciation of 0.4% for the year owing to a strong forex reserve of US$98 billion.

The impact of COVID-19 in the first quarter of 2020 was keenly felt by Vietnam's stock market as foreign investors sold aggressively, with sales peaking in March due to the concern about the virus spreading globally. Despite this, locals have consistently offset the outflow of foreign investors with significant corporate and management buy-backs, in addition to retail investor purchases helping the market recover to pre-pandemic levels by November 2020. The year-end Vietnam Index ("VN Index") close of 1,104 was the highest since April 2018 and put the reference index at 17.4% for 2020. Low interest rates attracted locals into stocks with a record twenty-year high of 393,659 new retail accounts opened. The average daily trading value of the VN Index, meanwhile, increased from US$177 million in 2019 to US$273 million in 2020.

In terms of our performance, Vietnam Enterprise Investments Limited ("VEIL" or the "Company") outperformed the VN Index by 5.4% in 2020. The Company had a tough first quarter. However, many investments rebounded during the year and the three-year rolling performance returned 50 basis points above the reference index. VEIL's rebound was driven by the strong performance of its key holdings, especially in banking (notably Asia Commercial Bank, which surged on strong business results and the transfer of its listing to the main stock exchange, Ho Chi Minh Stock Exchange). Other bank holdings such as Vietnam Prosperity Bank and Techcombank also made gains ahead of the sector. Our overweight holdings in thematic stocks that have benefitted from the renewed Government programme for infrastructure spending included Hoa Phat Group (steel) which more than doubled its share price as it became the top play on this theme. Becamex, the biggest national player in industrial parks, also posted a strong performance with growth driven by FDI inflows into Vietnam. Further to this, the Company generated alpha by making several structured exits at a significant premium, notably Imexpharm (pharmaceutical), Power Construction JSC No 1 and DIC Corporation (real estate). As expected, the underperformers in 2020 were mostly retail brands, which were impacted heavily by COVID-19, including Mobile World Group and Phu Nhuan Jewelry. Despite this, we believe the retail sector is positioned well to recover in the coming months due to the recovery in consumption spending, and the aforementioned retail brands have strengthened their leadership positions compared to smaller competitors which have struggled in the pandemic.

I am especially proud to announce that VEIL continues to expand its environmental, social and governance ("ESG") programme and integration. As a long-term investor committed to sustainability, all investments made by VEIL are subjected to a rigorous "ESG" screening process adopted by the Dragon Capital group (the "Group"). The Group has created its own ESG Management System ("ESGM") with the valuable assistance of the International Finance Corporation ("IFC") to ensure that it delivers best-in-class practices. The policies and procedures of the ESGM are applied to the Group's investment universe with the goal of systematically managing ESG risks throughout the investment appraisal and management processes.

In 2021, we believe Vietnam's premium structural growth outlook remains intact, driven by the Government's major monetary stimulus through cutting the lending rate and reducing the deposit rate, and fiscal stimulus via infrastructure

1. Chair's Statement (Continued)

spending to sustain high GDP growth. Thus, we forecast 2021 GDP will resume at a growth rate of 7% on further recovery from the pandemic. The FDI inflows and export growth will continue as Vietnam benefits from ongoing supply chain diversification, global mobility and the recovery in corporate investment spending. The EU-Vietnam Free Trade Agreement ("EVFTA") which came into effect from August 2020 also supports export growth. The stock market is expanding organically now, without being driven by foreign investors' 'wall of money' action as seen in 2017-2018. Domestic liquidity is more abundant due to low interest rates, which also supports equities as the best investment opportunity. Furthermore, Vietnam's valuation remains well below its regional peers, with a lower multiple and superior earnings growth. In that context, VEIL is well-placed to continue identifying the best companies for long-term business growth, the primary motive for foreign investors looking towards Vietnam. Our track record over the medium and long-term continues to outperform peers and the reference index, to bring a long-term and sustainable profit for our shareholders.

Thank you for your continued support.

Stanley Chou

Chair

Vietnam Enterprise Investments Limited

28 April 2021

2. Company Overview and Strategy

Investment Objective

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

Benchmark

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

Business Model

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

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

Investment Policy

Asset Allocation

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

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

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

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

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

Investment Restrictions

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

(a) No more than 20% of the gross assets of VEIL may be exposed to the creditworthiness or solvency of a single counterparty;

(b) No more than 20% of the gross assets of VEIL may be invested in any one issuer; and

(c) No more than 40% of the gross assets of VEIL may be invested in any one industrial sector.

Borrowing

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

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

Changes to Investment Policy

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

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

2. Company Overview and Strategy (Continued)

Key Performance Indicators

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

NAV and Share Price

The Board monitors the NAV and share price performance of VEIL on a three-year rolling basis as provided in the Portfolio Manager's Report on pages 5 to 11. Performance for one, three and five years are also provided in the Portfolio Manager's Report for reference purposes.

Performance Against Reference

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

Discount/Premium to NAV

The discount/premium relative to the NAV represented by the share price is closely monitored by the Board. The objective is to avoid large fluctuations in the discount relative to similar single country investment companies investing in Asia (ex-Japan) by the use of share buybacks subject to market conditions. A graph showing the share price discount/premium relative to the NAV is also shown on page 8.

Board Composition

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

As at 31 December 2020, the Board consisted of five Independent Non-Executive Directors and one Non-Independent Non-Executive Director.

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

3. Portfolio Manager's Report

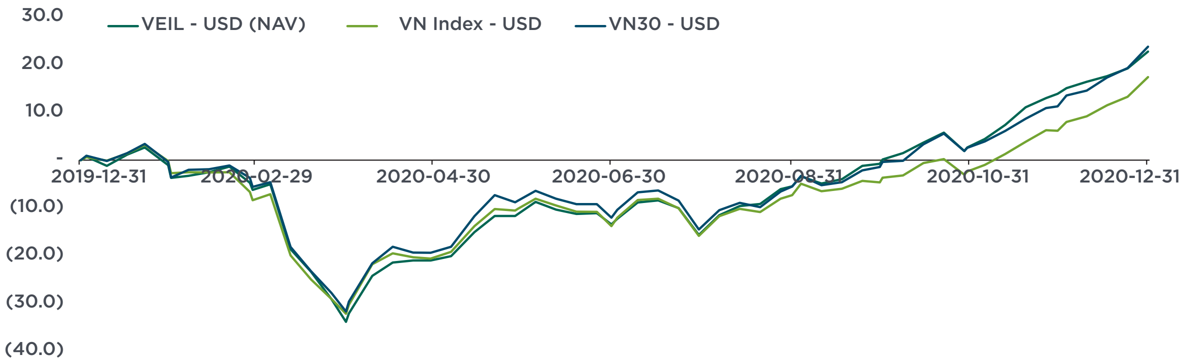
Performance Overview

VEIL delivered a strong performance in 2020 despite the impact that the COVID-19 pandemic had on economies around the world, including Vietnam. VEIL achieved a 22.8% return for the year, marking its seventh year of positive annual returns in the last eight years. This performance beat VEIL's reference index, the VN Index total return in US$ terms (the VNI TR$), by 17.4%. The strong return was achieved despite the fact that Vietnamese equities, alongside global equities, plunged by as much as 32.2% at the end of the first quarter following the initial global virus outbreak and subsequent lockdowns. VEIL benefited from the resilience of the Vietnamese economy, one of the few economies that posted positive GDP growth in 2020, reflecting the decisive response from the Vietnamese Government to contain the spread of the virus. Driving VEIL's positive performance were holdings in the materials, banking, and real estate sectors, whilst positions in the consumer-related sectors were the most negatively affected by the pandemic.

Attribution Analysis

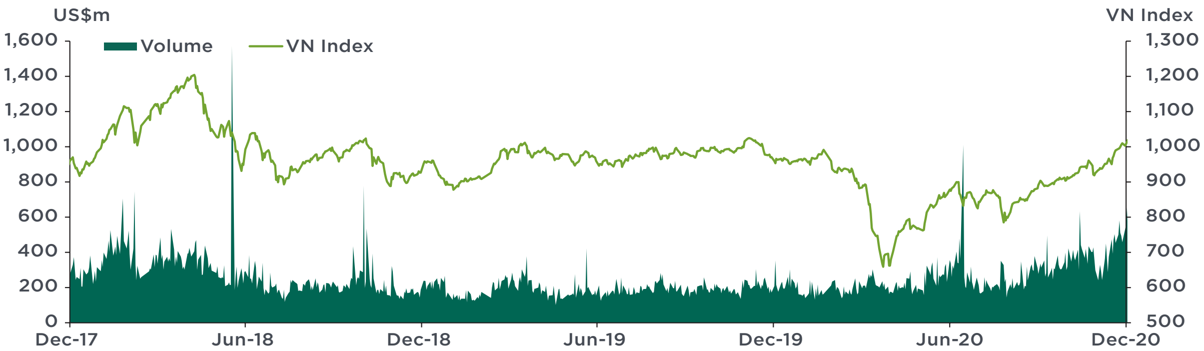
The materials sector led the market rally in the second half of 2020. Hoa Phat Group ("HPG"), the largest domestic steel producer, delivered an outstanding performance and was the only stock among the largest 15 stocks on the Ho Chi Minh Stock Exchange ("HOSE") to post triple-digit returns, up 116.4%. HPG's strong performance was driven by volume growth boosted by the completion of Dung Quat's Phase 2 mega steel complex. Specifically, construction steel sales volume was up 23% y-o-y, compared to a 1% drop in volume across the sector, helping to grow HPG's market share in the segment to 33%. The steel pipe segment traded under more difficult market conditions, yet grew 10% y-o-y, expanding the company's market share in the segment to 32%. 2020 also marked a special

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



Source: Dragon Capital, Bloomberg

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



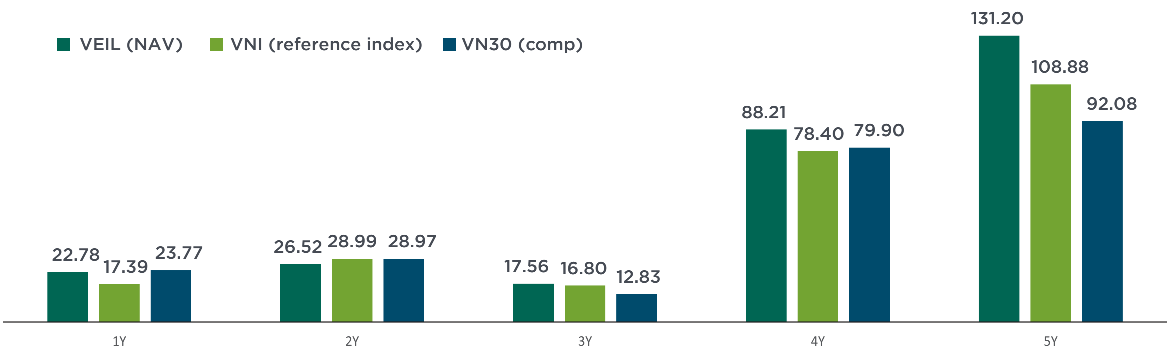
Source: Dragon Capital, Bloomberg

3. Portfolio Manager's Report (Continued)

milestone for HPG, being the first Vietnamese company to produce and commercially supply Hot-Rolled Coil ("HRC") to the domestic market. Whilst 2020 HRC sales volume in absolute terms remained modest at 0.3 million tonnes, it is expected that HRC sales volume could exceed 2 million tonnes in 2021 once the production facility is in operation for the full calendar year. HPG delivered 42% top line growth with net profit after tax and minorities interest ("NPAT-MI") growing a significant 79% y-o-y, reflecting strong input price control. HPG's planned Phase 3 and 4 of Dung Quat mega steel complex could add another 5 million tonnes of capacity to the current 8 million tonnes. The outlook for HPG in 2021 remains bright, underpinned by expected robust demand from a ramp-up in infrastructure spending as well as the continued revival of the construction sector. As of 31 December 2020, HPG shares were trading at 8.0x forward PER and expected to deliver over 27% ROE for 2021, an achievable return for an excellent company that taps directly into urbanisation trends within Vietnam.

The abnormal events of 2020 were also a good litmus test for the banking sector in Vietnam. The COVID-19 pandemic further emphasised the distinction between good and bad banks in the country, shining a light on asset quality and a bank's ability to manage risk while maintaining growth. VEIL's holdings in the banking sector are all top tier, leading to impressive performance against the VN Index's banking

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



Source: Dragon Capital, Bloomberg

Table 1: Investment Portfolio – Ten Largest Investments

Company	Sector	Market value	NAV	Total return	Initial acquisition
		US$	%	%	
Hoa Phat	Materials/Resources	214,225,411	11.9	116.4	18 June 2009
Mobile World	Retail	173,061,790	9.6	6.1	3 October 2014
ACB	Banks	164,166,384	9.1	60.7	1 December 1996
Vietcombank	Banks	150,068,377	8.3	9.8	7 February 2012
Vinhomes	Real Estate	124,846,593	6.9	5.9	18 May 2018
Khang Dien House	Real Estate	77,689,798	4.3	17.1	19 November 2013
FPT	Software/Services	71,236,340	4.0	21.6	3 July 2008
Vingroup	Real Estate	64,884,703	3.6	(5.6)	22 August 2014
VPBank	Banks	64,538,749	3.6	63.0	1 January 1996
Military Bank	Banks	53,640,026	3.0	27.6	24 February 2012
Total 10 investments		1,158,358,171			

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

3. Portfolio Manager's Report (Continued)

sector, collectively up 36.7% for the year versus 20.9% respectively. The strong performance was led by VEIL's biggest bank holding, Asia Commercial Bank ("ACB"), which was up 60.7% for 2020 reflecting its strong fundamentals. ACB is well regarded in the market with favourable asset quality compared to some local banks due to its strong risk management system. ACB achieved 20% Net Interest Income ("NII") growth and 28% NPAT-MI growth for 2020, whilst still maintaining a strict provisioning policy. Asset quality remained pristine at 0.6%, up 6 basis points ("bps") y-o-y. Trading at just 6.6 forward PER and 1.4 forward PBR while delivering 22% ROE, we continue to view ACB as an investment opportunity that offers both value for growth and a lower degree of risk.

Another of VEIL's bank holdings, VPBank ("VPB"), performed well in 2020 and finished the year up 63.0%. NPAT-MI was up 26% y-o-y, driven by moderate growth in Net Fee Income ("NFI") of 18.4%, NII of 5.5% and a 7.7% y-o-y fall in OPEX. The stock also benefitted from positive sentiment regarding a potential deal arrangement for its consumer finance arm, FE Credit, either via a strategic placement or an IPO. Whilst the deal was originally delayed due to the outbreak of COVID-19 at the start of 2020, optimism from market participants remained following reiterated management guidance of their intention to complete this deal. The deal is expected to re-rate VPB's 1.3x forward PBR for 2021 if it is closed.

In 2020, VEIL added a new name to its bank holdings, Vietinbank ("CTG"), one of the three listed State-Owned Commercial Banks ("SOCB"). The position has performed extremely well, closing 2020 up 68.3%, as the turn-around in fundamentals coupled with cheap valuation relative to their SOCB peers attracted investors. CTG posted 18% growth in pre-provisioning operating profit driven by solid growth in NII (+7.2%) and NFI (+12.8%), and well-controlled OPEX (+2%). NPLs dipped under the 1.0% threshold to 0.9% for the first time in the last 5 years. A 7% fall in provisioning expense further helped to lift NPAT-MI up 45% y-o-y. At the beginning of 2020, CTG was trading at just 1.1x PBR whilst its SOCB peers were trading at an average of 3.5x PBR. As a result, there was a notable re-rating process in CTG's valuation during 2020 as investors narrowed the discount between CTG and its direct peers. CTG is still expected to deliver double-digit bottom

Table 2: Asset Allocation by Asset Class[1]

	31 December 2020	31 December 2019
	%	%
Equities	97.5	97.9
OTC Equities	0.0	0.7
Cash[2]	2.5	1.4
	100.0	100.0

[1] For asset allocation by sector, please see Note 5 to the Financial Statements.
[2] Cash includes cash and cash equivalents, receivables and payables.

Table 3: Major Sector Return and Contribution

Sector	Portfolio return	VN Index return	Portfolio contribution
	%	%	%
Banks	37.4	23.2	11.5
Materials	119.9	86.7	7.5
Real Estate	16.5	6.1	4.0
Software & Services	21.3	20.9	1.0
Pharmaceuticals, Biotechnology & Life Sciences	36.7	19.8	0.6
Retailing	7.4	9.9	0.4
Transportation	5.5	(2.3)	0.3
Food, Beverage & Tobacco	7.5	8.6	0.2
Capital Goods	34.8	51.0	0.2

Source: Dragon Capital, Bloomberg

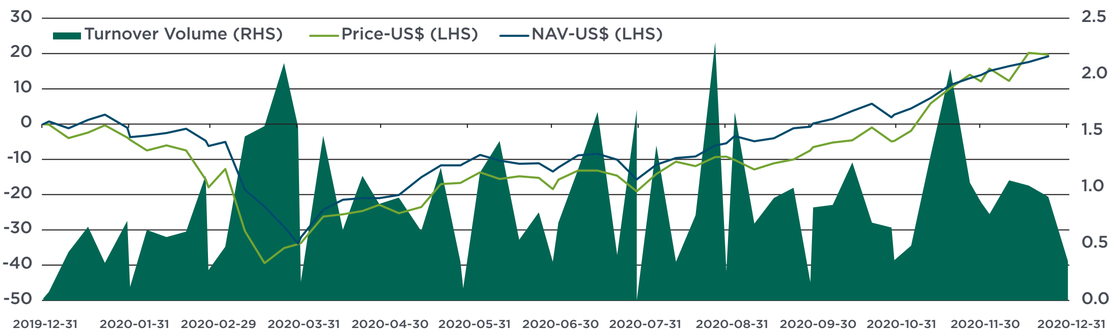
3. Portfolio Manager's Report (Continued)

line growth in 2021, and, whilst the valuation gap did narrow between CTG and its SOCB peers in 2020, the gap is still substantial at nearly 50% on a forward-looking basis as at the end of 2020.

The real estate sector performed well in 2020, especially in the fourth quarter when the gradual ramp-up of infrastructure spending started to accelerate, unlocking the value of developers' landbanks. During the year, VEIL completed a number of exits in the sector, most notably DIC Corporation ("DIG") and RICONS. DIG is a mid-size property developer that has over 800 ha in its landbank, primarily in the Vung Tau, Dong Nai and Hung Yen areas. Originally a state-owned enterprise, DIG's execution capability as a developer was on an improving curve and NPAT-MI in 2020 grew to 61% y-o-y. VEIL took the opportunity to sell its entire 22% stake in DIG to a strategic buyer, earning a favourable 56.2% return on the position for 2020. The other noteworthy exit was RICONS, which is a top-5 contractor in Vietnam. The company had experienced some challenges over the past two years due to the tight legal environment for the property and construction sectors. As infrastructure spending gradually increased in the fourth quarter and market sentiment in the property and construction sector improved considerably, VEIL took the opportunity to exit their entire stake in RICONS earning a return of 73% for the year.

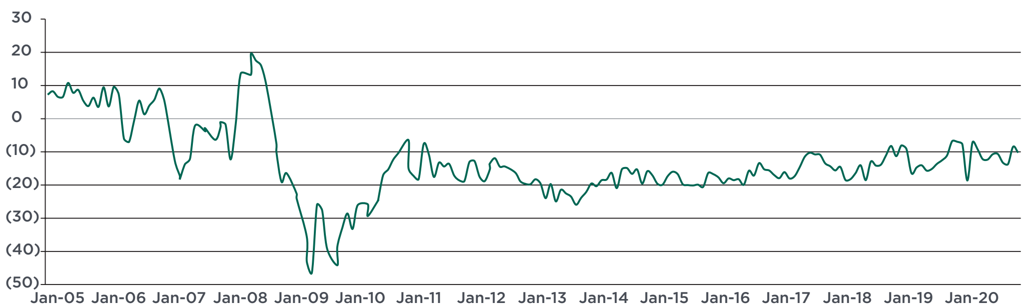
One property theme that emerged strongly during 2020 was the rise of the industrial park sector. Vietnam's COVID-19 containment earned international recognition, further reinforcing the production shift from other countries, including China, to Vietnam. Leasing rates increased significantly as demand for industrial park landbank

Graph 4: Share Price & NAV



NAV and share price are based on US$.

Graph 5: Discount/Premium to NAV (%)



Source: Dragon Capital

3. Portfolio Manager's Report (Continued)

continued to rise. One of VEIL's investment's, Becamex IDC ("BCM"), is a major player in the sector and is favourably positioned to benefit from this growing trend with more than 1,100 ha of landbank mainly focused in Binh Duong. BCM was originally an SOE that was privatised and then went ahead with an IPO in late 2017, which VEIL participated in. By 2019, BCM's net earnings had nearly tripled compared to the time of the IPO. Despite NPAT-MI falling 21% y-o-y in 2020, the rise in leasing rates and the continued demand for industrial landbanks has improved investor sentiment in BCM, which helped the company deliver a 37.6% return for the year. As investment in infrastructure continues in 2021, we anticipate the sector to remain a strong investment theme and expect BCM to remain attractive given its vast landbank.

Whilst consumption has always been one of the central themes in Vietnam, 2020 was a remarkably difficult year for most of the consumer sectors, which were impacted by lockdowns and falling discretionary spending. A brief countrywide social-distancing period was particularly difficult for many of the retailers, whilst sporadic localised lockdowns during the year also created further challenges for retailers seeking to maintain operations. Both of VEIL's top consumer holdings, Mobile World Group ("MWG"), the biggest retailer in Vietnam specialising in mobile phones, consumer electronics and grocery, and Phu Nhuan Jewelry ("PNJ"), the biggest domestic jewelry retailer, saw their performance deteriorating during this tough period.

At the outset of the COVID-19 outbreak, MWG management responded quickly by implementing various mitigating measures in order to reduce costs and improve operational efficiency. Once it became clearer that Vietnam was controlling the outbreak, MWG management took the opportunity to further expand their domestic footprint across the country, thanks to lower commercial leasing rates as well as increased availability of well-situated space. MWG opened more than 1,000 new stores, in which two-thirds were new grocery stores and the remainder

Table 4: Period's High and Low

	Year to 31 December 2020		Year to 31 December 2019	
	High	Low	High	Low
NAV per share (US$)	8.30	4.47	7.24	6.29
NAV per share (GBP)	6.07	3.60	5.65	4.99
Share price (GBP)	5.56	3.27	5.07	4.27

Source: Dragon Capital, London Stock Exchange

Table 5: Ten Year Record

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total net assets	US$m	330.17	400.85	473.78	512.94	792.65	974.80	1,553.28	1,440.02	1,474.62	1,799.69
Total net assets	GBPm	n/a	n/a	n/a	n/a	n/a	788.91	1,148.24	1,130.67	1,113.13	1,316.57
NAV per share	US$	1.96	2.38	3.07	3.40	3.59	4.41	7.06	6.56	6.76	8.30
NAV per share	GBP	n/a	n/a	n/a	n/a	n/a	3.57	5.22	5.15	5.10	6.07
Share price	US$	1.71	1.91	2.47	2.82	2.99	n/a	n/a	n/a	n/a	n/a
Share price	GBP	n/a	n/a	n/a	n/a	n/a	2.96	4.42	4.57	4.745	5.45
Earnings per share	US$	(0.51)	0.40	0.64	0.32	0.15	0.82	2.64	(0.50)	0.20	1.52
Discount to NAV	%	(12.76)	(19.75)	(19.54)	(17.06)	(16.71)	(17.09)	(15.27)	(11.26)	(6.96)	(10.21)

Source: Dragon Capital

3. Portfolio Manager's Report (Continued)

were consumer electronics stores. Despite the unprecedented macro difficulty, MWG was still able to deliver positive sales growth of 6% y-o-y and maintained positive EPS growth of 2% for 2020 whilst almost all of its competitors saw negative earnings decline. Though the challenges of COVID-19 still remain in the near-term, MWG believes it can further capture market share in 2021 and has provided guidance for further expansions in both the consumer electronics and grocery chain businesses. Many leading sell-side research teams are expecting a return to double-digit growth at both the top and bottom lines for MWG in the coming year. As of 31 December 2020, the stock was trading at just 12x forward PER for the 2021 year, a very undemanding valuation for the biggest retailer in Vietnam and we believe the stock offers great value for one of the best ways to tap into the consumer market in Vietnam.

PNJ, being in a luxury goods segment, experienced a greater impact on its business compared to MWG during 2020. The company was also swift in implementing various cost-cutting initiatives and restructuring its stores' locations at more favourable rental rates. In 2020, PNJ opened 29 new gold stores while at the same time closing 18 stores, bringing its total to 299 gold stores by the end of the year. Though the company was able to post a positive top line growth of 3% in 2020, the bottom line fell 10% for the year. Similar to MWG, most sell-side analysts expect PNJ to rebound back to double-digit top and bottom-line growth in 2021. As of 31 December 2020, the stock is currently traded at 15x forward PER which remains below its 3-year PER average of 16x. We believe that PNJ remains one of the most exciting investments in the consumer market that also taps directly into the consumption trends of the ever-growing middle-class population in Vietnam.

Outlook

With an anomalous year behind us, we look forward to normalisation in 2021. Global prospects for the year largely depend upon the speed and success of the roll-out of the global vaccination programme. Since our interim report, Vietnam has experienced a second and third wave of COVID-19 outbreaks. Even though this has not significantly derailed the overall macro improvement, additional outbreaks could continue to create uncertainty. Nevertheless, we remain optimistic that the Vietnamese economy will return to a normal growth level of 6% to 7% in the near future. Reaffirming this, the Government has set a GDP growth target of 6.5%, just under the 7% pre-COVID level. The rest of the macro picture remains encouraging, with the balance of payments remaining in a surplus of over US$12 billion on the back of a strong trade surplus and FDI flow. Inflation is a closely watched indicator in a time of monetary policy favouring cheap money, but for now, signs of the return to high inflation are relatively minimal. Foreign exchange is expected to remain stable, possibly appreciating 1-2% against the US$ over 2021.

During the second half of 2020, equity markets rallied reflecting a combination of a low interest rate environment and rising participation from new retail investors. This has helped propel the VN Index to its all-time high. VEIL has positioned itself well to benefit from these macro trends and the focus has remained on sectors that benefit from big macro themes such as infrastructure, construction and property (residential and industrial). Sectors that could perform well as the economy 're-opens' such as transportation and energy are also considered, with the banking sector remaining a long-term opportunity. After an unprecedented year, navigating through continued uncertainty, VEIL looks forward to 2021 with optimism that Vietnam will continue to shine as a great investment destination post the coronavirus pandemic. VEIL remains an excellent gateway for investors to invest in the Vietnamese economy.

Table 6: Source of Income (US$)

	Year to 31 December 2020	Year to 31 December 2019
Bank interest income	19,145	20,283
Dividend income	7,762,121	9,178,449
Net changes in fair value of financial assets at fair value through profit or loss	346,398,761	55,262,042
Gains on disposals of investments	8,972,704	13,543,010
Total	363,152,731	78,003,784

Source: Dragon Capital

3. Portfolio Manager's Report (Continued)

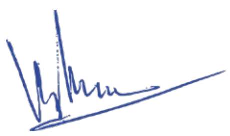
Table 6: Performance

	31 December 2020	31 December 2019
Total net assets (US$)	1,799,691,203	1,474,618,777
Total net assets (GBP)	1,316,574,898	1,113,129,255
Number of outstanding shares	216,935,108	218,061,888
NAV per share (US$)	8.30	6.76
NAV per share (GBP)	6.07	5.10
Share price (GBP)*	5.45	4.75
Discount to NAV (%)	(10.21)	(6.96)
GBP/US$ exchange rate	1/0.731556	1/0.754859

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

	31 December 2020	31 December 2019
	%	%
NAV returns (US$)	22.04	3.09
NAV returns (GBP)	18.28	(0.97)
Share price returns (GBP)	14.86	3.83
VN Index (price return - VND terms)	14.87	7.67
VN Index (total return - US$ terms)*	17.40	9.85

* Source: Bloomberg



Vu Huu Dien
Portfolio Manager
Vietnam Enterprise Investments
Limited
28 April 2021

Portfolio Manager

Vu Huu Dien

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

4. ESG and Climate Change Report

Responsible Investment Policy and ESG Management System Procedure

VEIL's Approach to Environmental, Social and Governance and Stewardship

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

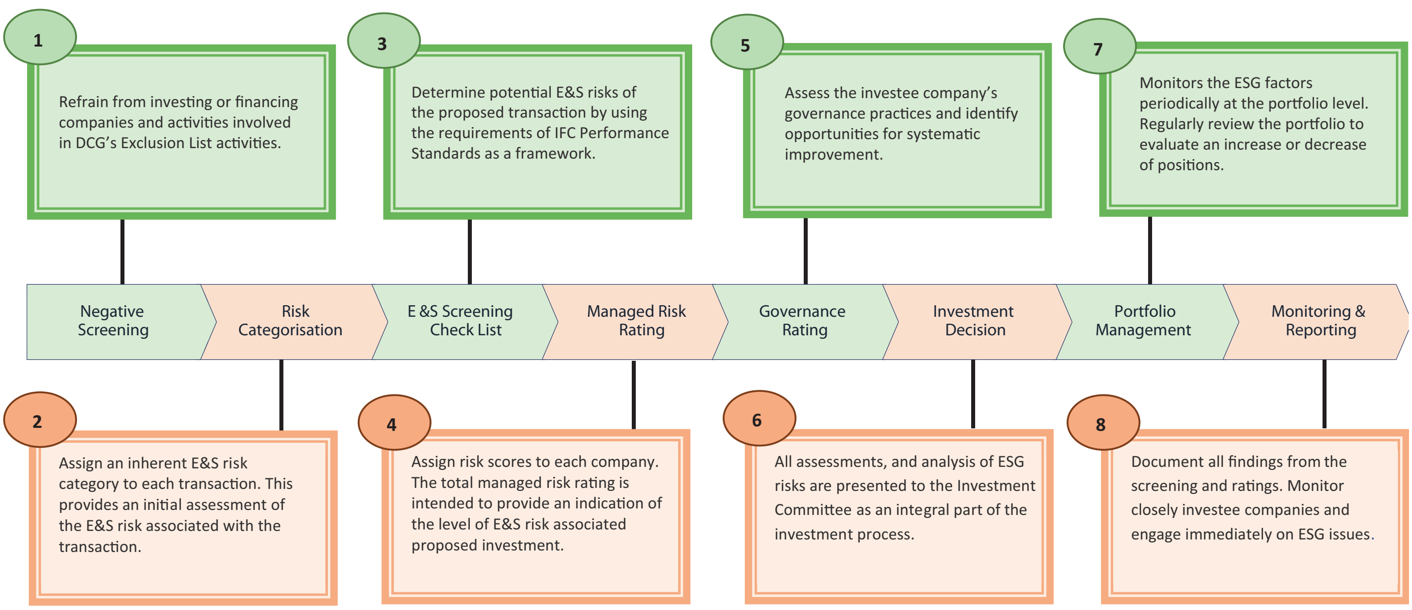
DCG recognises that ESG issues influence investment risk, and thus portfolio performance, and accordingly seeks to optimise risk-adjusted performance by integrating ESG factors throughout its investment process. Taking a strategic, long-term approach to responsible investment creates sustainable value for VEIL, its shareholders, and the wider community.

ESG Management System and Procedure

DCG developed its original ESG management framework in collaboration with IFC, specifically for public equity and fixed income investments. This system has been refined over time, with the key steps set out in the diagram below.

This process is managed by a core team comprising a cross-section of investment analysts and senior management. In 2020, the team was expanded from three to seven members to ensure that emerging and evolving issues continue to be appropriately addressed through the ESG risk management framework.

At the same time, DCG enhanced the framework by developing an in-house knowledge base which helps efficiently track the ESG ratings of investee companies, and also facilitates the reliable monitoring of ESG incidents.



4. ESG and Climate Change Report (Continued)

Active Ownership

VEIL and DCG believe there are three main elements to an active ownership strategy: voting, engagement and advocacy. Each of these elements is also an effective tool within the ESG framework, and help VEIL to pursue its goals in the best interests of its shareholders.

Voting Rights

Voting is essential in order to promote good corporate governance. DCG ensures that VEIL votes in a diligent and prudent manner, based on its reasonable judgement of what will best serve the economic interests of its shareholders.

To the extent practicable, DCG votes on behalf of VEIL at all meetings called by the companies in which VEIL is invested. As part of this, DCG considers its stance on a variety of key corporate governance issues, including disclosure and transparency, board composition, committee structure, director independence, auditor rotation, and social and environmental issues. These guidelines form the basis for voting decisions, although each vote ultimately turns on the particular circumstances of the relevant investee company.

Engagement

DCG maintains regular dialogue with the management of all investee companies of VEIL in order drive continuous improvement to corporate governance, including ESG practices and disclosure. This engagement helps protect and increase the economic value of those companies.

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

Set out in Table 1 on the next page are three recent case studies of such engagement.

Advocacy

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

For example, in 2020, DCG produced a submission on the need for mandatory disclosure of greenhouse gas emissions for public companies in Vietnam, and has made progress engaging with the Ho Chi Minh Stock Exchange and the State Securities Commission (the capital markets authority of Vietnam) on this topic. In particular, the Minister of Finance issued Circular No. 96/2020/TT-BTC in November 2020, which introduced new obligations for listed companies to disclose their direct and indirect emissions in their annual reports.

DCG is a member and sponsor of several international and domestic organisations – refer to Table 2 on page 21 for a list of the leading organisations.

Challenges to Managing ESG Risk in Vietnam

VEIL continues to encounter significant challenges with ESG risk management in Vietnam. The key challenges are set out below:

Lack of Awareness From Local Companies and Regulators on ESG Risks

Although global awareness of ESG is rising, it remains a relatively unfamiliar topic to public and private sector businesses in Vietnam, and even with the local regulatory authorities. As a developing nation, the focus in Vietnam, at both a state and corporate level, has primarily been on economic growth. Whilst increased advocacy has seen a growth in awareness of ESG risks, it remains relatively low overall, and there is a corresponding deficiency in effective policies to manage those risks at a micro and macro level.

ESG Standards

Stemming in part from the lack of awareness, the adoption of international standards in Vietnam is generally lagging. Whilst almost all public companies in Vietnam now perform an E&S impact assessment when investing in a new project, many see this exercise as merely procedural. To date, little progress has been made in raising the local standards used in these assessments to international standards.

Access to Information

As a frontier market, access to information in Vietnam is always a difficulty for international investors, and this is particularly the case with ESG information. There are currently few mandatory disclosure obligations, and a strong corporate culture of voluntary disclosure has not yet developed.

ESG in Public Investment

Whilst there are many guidelines and examples of effective application of ESG standards for private investments, there is a distinctively different dynamic lack for investment in public equities. Unlike investors in private equity, VEIL has limited leverage to require public companies to disclose ESG data.

Despite this, DCG has made some remarkable progress in this area due to its team on the ground in Vietnam, although it remains a challenge, particularly in relation to State-Owned Enterprises.

4. ESG and Climate Change Report (Continued)

Table 1: Sample of Engagement Report

Company	Industry	Issue	Details of engagement	Decision and outcome
Company A	Real Estate	Company A's Can Gio project – potential environmental impact and DCG's engagement on 1 September 2020	One of Company A's pipeline projects, Company A's Can Gio Tourist City, received some public attention mainly on the potential impact on Can Gio biosphere reserve, potential erosion, deposition, and flow processes in nearby regions. DCG raised its concerns with the company and followed up on multiple occasions to monitor the issue.	DCG received confirmation from the company, including the detailed Environment Impact Assessment report (which was submitted to the Ministry of Natural Resource) that the project is not within the Can Gio biosphere reserve. The project is approved by the government. However, there are a couple of issues that need to be monitored, mainly: (1) Sand over-usage given the large scale of the project (2) Waste management **Neutral – to be monitored:** As the project has not started, DCG needs to monitor the two issues above and seek feedback from the company every six months.
Company B	Materials & Resources	Fire incident in Dung Quat Factory on 11 July 2020	Meeting with management of Company B regarding precautionary measures taken on labour safety policy.	**Positive:** • Fire contained within 15 minutes • All workers were safe • Production line resumed in the next few days
Company B	Materials & Resources	Warehouse roof collapse in Dung Quat Factory due to the escalated level of typhoon on 28 October 2020	Repeated engagement calls with management regarding precautionary measures taken on labour safety in natural disasters	**Positive:** • In view of the typhoon approaching, Company B proactively shut down the factory before the typhoon hit. • They openly discussed precautionary measures taken on labour safety with DCG. • Unfortunately, due to the escalated level of the typhoon, the roof of a warehouse collapsed, resulting in three injuries and two deaths. • Company B honoured its social responsibilities to the families of the affected workers. • The collapse did not affect the production line, and the warehouse has been rebuilt and resumed the following week.

4. ESG and Climate Change Report (Continued)

Understanding the Impact of Climate Related Risks

Governance and Strategy

As noted above, climate change is viewed by the Directors as a serious challenge to Vietnam as a country and an economy, and a threat to its businesses and communities. In recognition of this, the Board now includes one member with specialist climate change credentials (Entela Benz-Saliasi).

Amid a bewildering variety of climate initiatives, the Board has chosen to follow guidance laid down by the Task Force for Climate Financial Disclosures ("TCFD"), noting that TCFD appears to enjoy regulatory support in the UK (in which VEIL is listed), and Hong Kong (in which the Investment Manager is based).

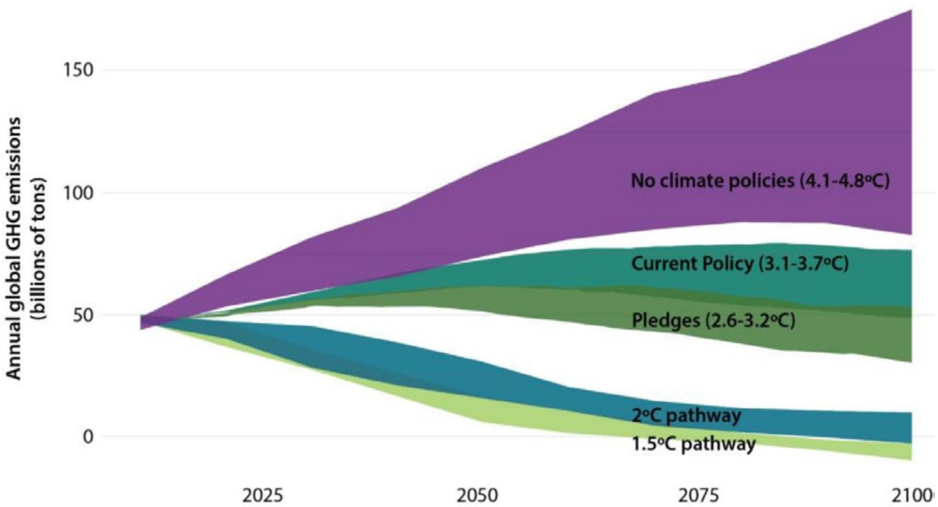
From the financial year 2021, Board meetings will table ESG (to include climate change) as a regular agenda item. Meanwhile, the day-to-day business of climate risk assessment and mitigation is seen as the responsibility of DCG, as part of its mandate.

Given the growing focus on the topic, and the challenges highlighted above, in mid-2020 DCG engaged a third-party specialist to conduct a preliminary analysis of the impact of climate change on the portfolio of VEIL. Some of the key findings (and the assumptions underlying them) are discussed below.

Climate Assumptions

There remains obvious debate as to projected climate change paths, and the varying assumptions underlying the various outcomes. For the purposes of this initial analysis, DCG assumed a 'business as usual' ("BAU") approach, i.e. continuation of current behaviours. This adopts a pessimistic case, assuming that no country meets its Nationally Determined Contributions ("NDC"), as presented in Paris in 2016, and effectively provides a 'worst case scenario' based on current information. The so-called BAU approach is consistent with global temperature rise of 4.1-4.8 degrees by 2100.

Chart 1: Historical and Projected Annual Global Greenhouse Gas Emissions Under Selected Policy Scenarios, 2010-2100



(Source: Ritchie and Roser 2017)

Risk Management

TCFD advises that the two principal climate related risks are Physical Risk (extreme weather) and Transition Risk (regulatory and carbon). Vietnam exposed to both, although is more highly exposed to physical than transition risks, as a low-lying developing country. TCFD suggests that reporting entities should follow at least one of three sets of metrics: implied temperature rise; climate value at risk; and weighted average carbon intensity.

1. Physical Risk

It is well known that Vietnam has a long coastline and large deltas housing rapidly growing urban populations. The analysis obtained by DCG shows that the country faces challenges in all five major physical risk categories, being river and rainfall floods, storm surges, typhoons, and extreme heat. These are illustrated in Charts 2 to 5 on the following pages.

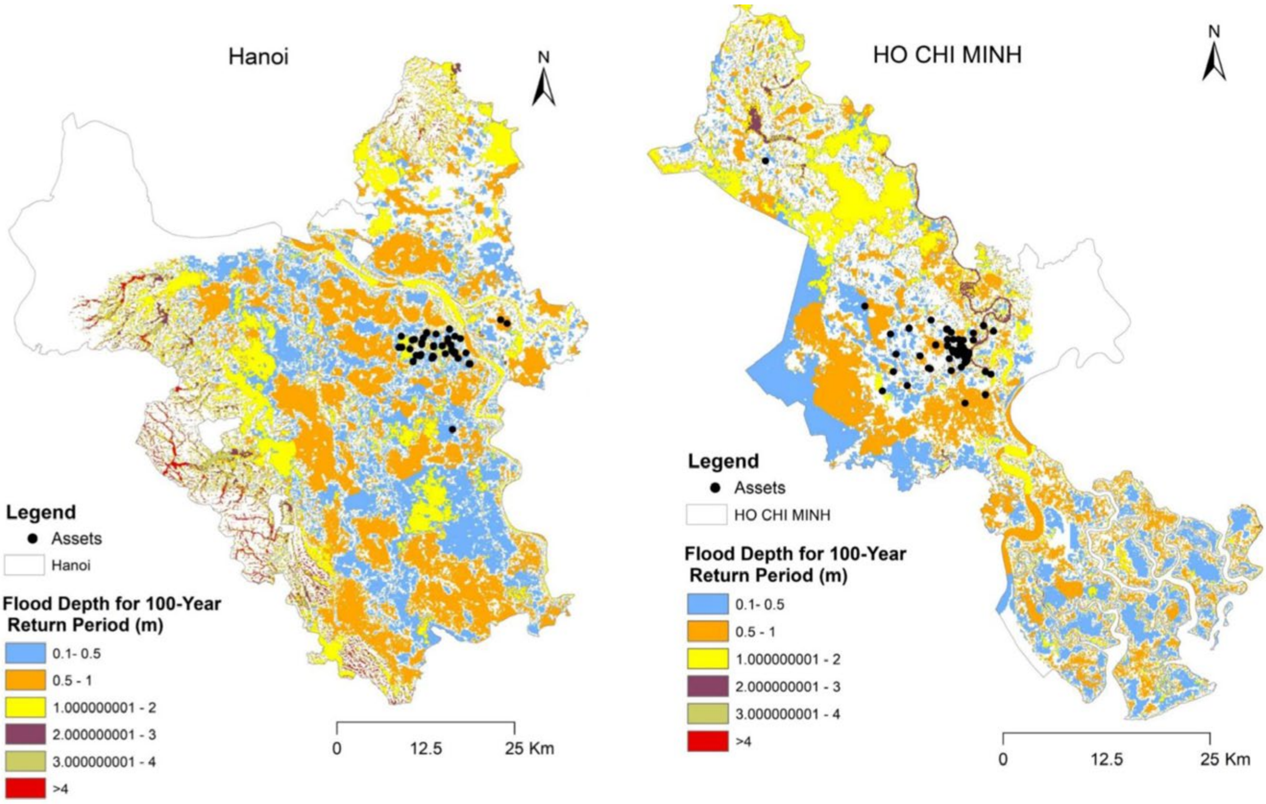
For the purposes of preliminary analysis, DCG considered those physical assets which, via portfolio weightings and market capitalisation, are most significant to the value of VEIL. For VEIL, the significance is not the current value at risk itself, but rather the likely projected increase in value at risk until the targeted period 2030-2050, under the given assumptions.

2. Transition Risk

As a developing country, Vietnam's NDCs in Paris are not legally binding. Even if they were, the headroom permitted over the current 'business as usual' scenario means that Vietnam is under little threat of exceeding its disclosed NDCs. Like many countries, Vietnam has offered to tighten its NDCs on the basis of receiving financial and other assistance from the world's bigger emitters.

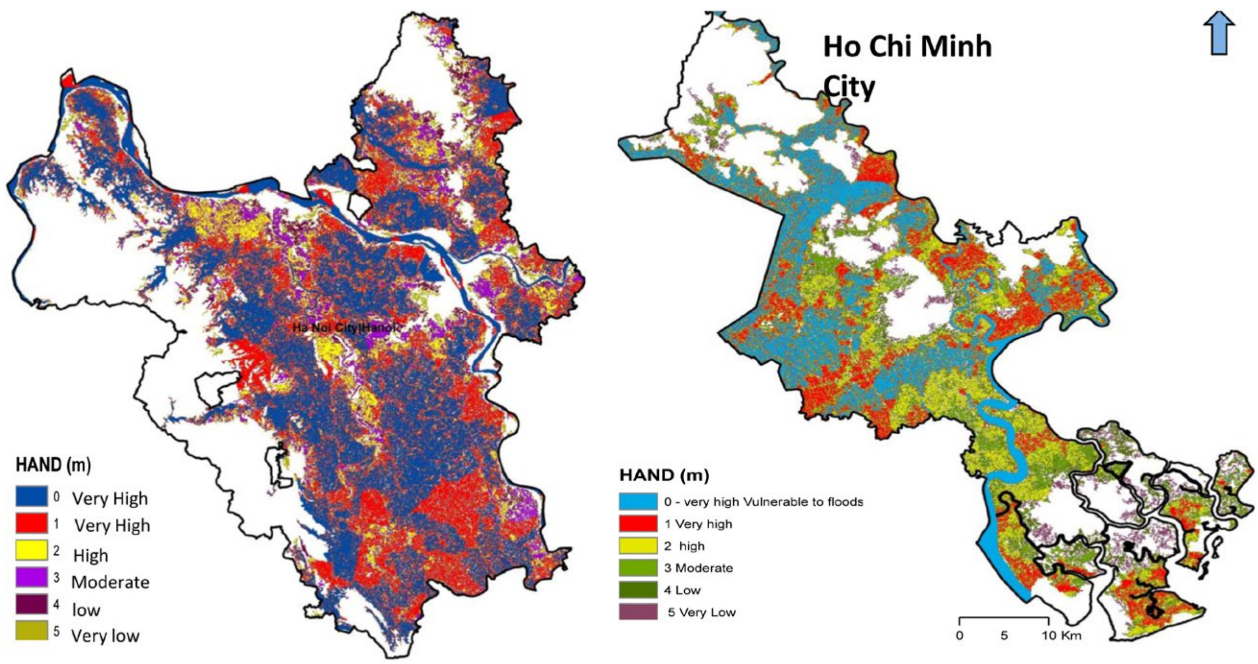
4. ESG and Climate Change Report (Continued)

Chart 2: Rainfall Flood is a High Risk for Hanoi and Ho Chi Minh City



(Source: Intensel)

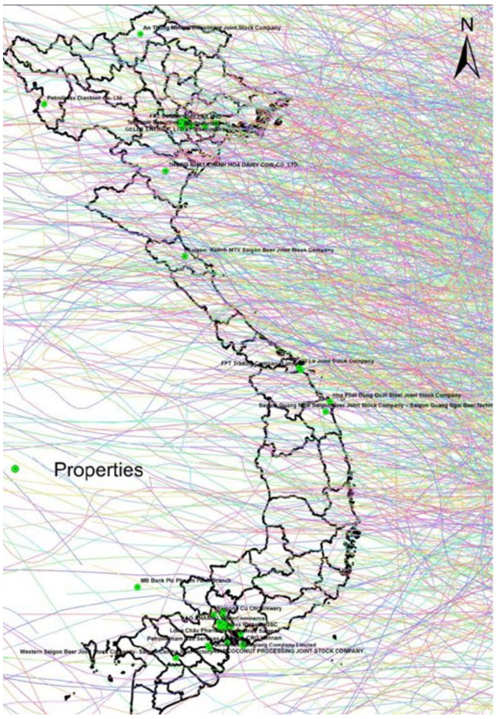
Chart 3: Severe Flood Risk in Major Economic Zones

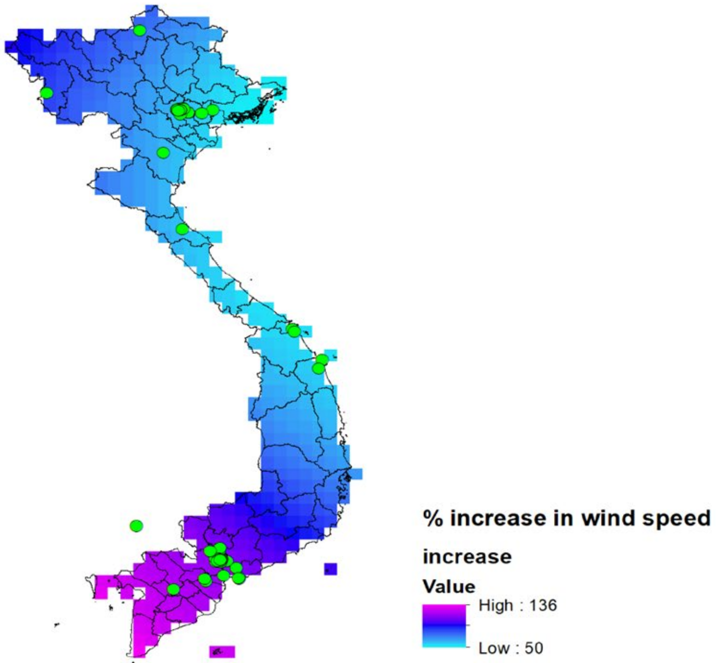


(Source: Intensel)

4. ESG and Climate Change Report (Continued)

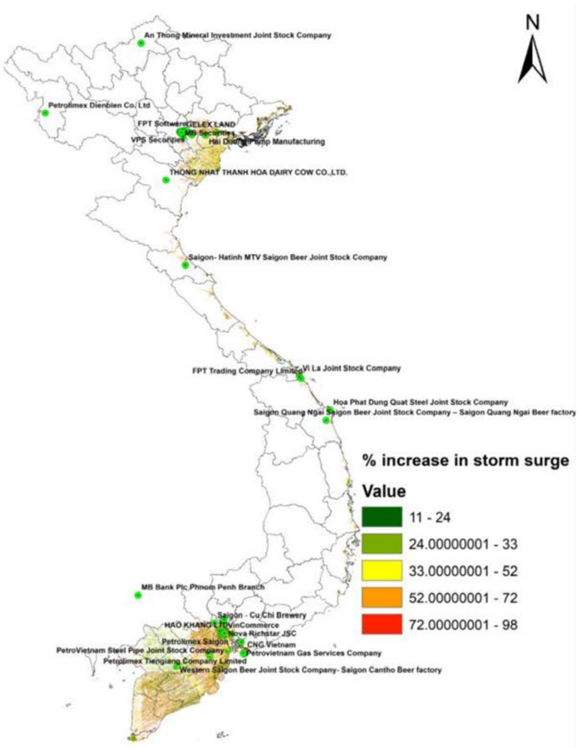
Chart 4: Vietnam is Vulnerable to the Typhoon-driven Flooding

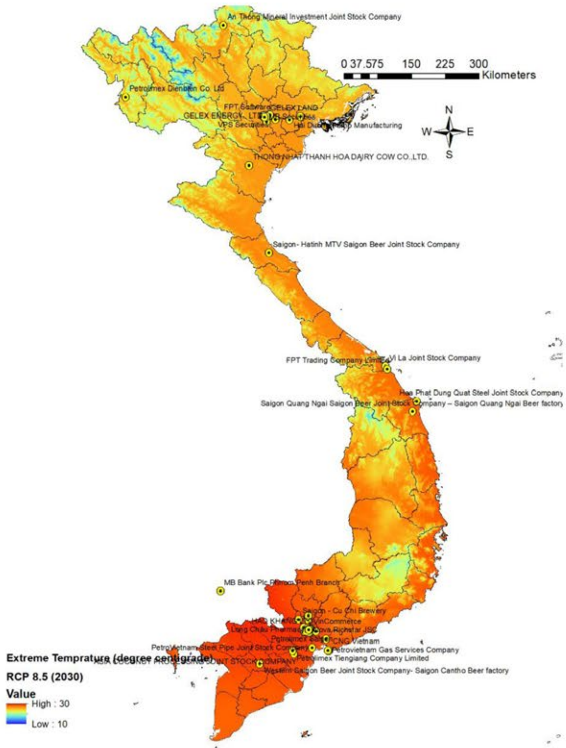




(Source: Intensel)

Chart 5: Storm Surge and Extreme Temperature Will Increase by 2030

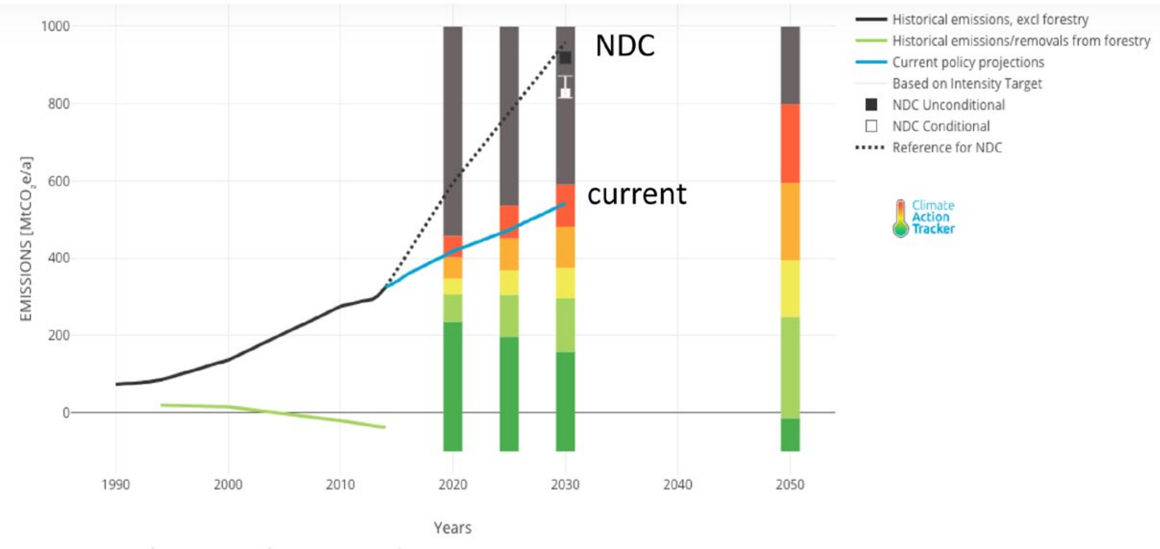




(Source: Intensel)

4. ESG and Climate Change Report (Continued)

Chart 6: Carbon Tracker Considers Vietnam Situation as Insufficient in Curbing CO2 Emission



(Source: Intensel)

Metrics

TCFD requires reporting entities to establish management metrics and also forward-looking targets. In the case of Vietnam, this is an enormous challenge owing to the almost total absence of detailed climate data and the complete absence of any form of carbon reporting by listed companies. In addition to the absence of data, models and modeling techniques are new and relatively untested, and the experience set within boards and investment managers is narrow.

The climate specialist engaged by DCG focused its work on aspects of climate change mitigation. Through detailed analysis of NASA and GPS data on evolving weather patterns, it is possible to estimate a theoretical Value at Risk due to river floods, storm surge and typhoons. This would more than double from a historical expectation of US$26.5 million to US$55.0 million within the period 2030-2050.

In respect of Transition Risk, DCG has been able to estimate carbon outputs by benchmarking with reporting companies in other jurisdictions. These suggest that annual greenhouse gas emissions from the VEIL portfolio may have reached some 190,000 tonnes of carbon dioxide equivalent in 2020. This number will of course change over time, given portfolio evolution, as well as moves to decarbonise within portfolio companies themselves. The EU cap and trade system prices carbon at around US$52 per tonne (April 2021), thereby ascribing an annual offset cost of US$9.95 million for VEIL.

Weighted Average Carbon Intensity (“WACI”)

Vietnamese companies do not report carbon metrics. However, on the basis of benchmark comparisons drawn from similar companies in other jurisdictions, it is possible to estimate a WACI for VEIL of 97 t CO2e/$M. The table in Chart 7 on page 20 shows that this puts VEIL very much at the lower range of carbon intensity.

Forward-looking Targets

Vietnam legislated a new Law on the Protection of the Environment in 2020. This law introduces the concepts of emissions trading and carbon taxes, as well as payments for ecosystem services.

Separately, and following submissions by DCG, the State Securities Commission issued regulations calling for listed companies to report their climate and carbon profiles.

These two moves will frame the ongoing climate engagement of VEIL with a particular focus on encouraging widespread climate and carbon disclosures.

Carbon Neutrality of Investment Manager

DCG has been carbon neutral for scope one and two activities, since 2005. This is achieved through biogas offset programmes established by the Netherlands Development Organisation and Vietnam’s Ministry of Agriculture and Rural Development. 179,00 biogas plants were built in 55 provinces, benefiting 850,000 Vietnamese users over the lifespan of the project and approximately 485,000 tonnes of CO2 are reduced annually. The programme is certified to the Gold Standard of Voluntary Carbon Emission Reductions.

4. ESG and Climate Change Report (Continued)

Note on Data Sources and Climate Modeling

Climate and carbon risk assessment is a rapidly changing discipline, starting from a low base. Vietnam is engaged in the Conference of The Parties process, but detailed climate data are largely unavailable at national, regional, or corporate levels. This lends a degree of speculation to the above assessments, but they are a good starting point.

The study of potential physical and transitional risks from climate change to the VEIL portfolio was performed by Intensel Limited ("Intensel"). Intensel is a Climatech intelligence firm based in Hong Kong, and specialising in the assessment of physical and related financial risks of climate change. The company provides physical climate risk assessments, using terabytes of climate and socioeconomic data, and a system of authoritative climate models, to assess climate change impacts at asset level.

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

Biodiversity

While ESG generally, and climate change specifically, are headline concepts for today's financial institutions, DCG has committed to a further important branch of impact analysis. Without question, the COVID-19 disaster of 2020-21 has underlined the fragility of human relationships with biodiversity, and the urgent need to expand human awareness of natural planetary capital.

IFC Performance Standard 6 ("PS6")

PS6 of the VEIL ESG Management System involves a specific screen as to impacts on biodiversity, in assessing opportunities and ongoing portfolio risk.

Dragon Capital Chair in Biodiversity Economics

This Chair, established in 2020 at Exeter University in the UK, is researching links between conventional economics and the growing study of natural capital. The Chair has four areas of focus: academic research into measurement of biodiversity; public policy initiatives; financial sector responses; and institutional frameworks.

Institute of Strategy, Policy on Natural Resources and Environment ("ISPONRE")

ISPONRE is the core research institute of Vietnam's Ministry of Natural Resources and the Environment. DCG is sponsoring two projects whose object is to ascertain and validate the value of ecosystem services in two separate locations: a mangrove forest in southern Vietnam and a National Park in central Vietnam. The studies are in their third year and results are expected in 2021.

4. ESG and Climate Change Report (Continued)

Chart 7: VEIL's Exposure to Carbon Intensive Companies is well below the EM MSCI Index

Index Name	Carbon Emissions *tons CO2e / $M invested*	Carbon Intensity *tons CO2e / $M sales*	Weighted Average Carbon Intensity *tons CO2e / $M sales*
MSCI ACWI Index	**192.0**	**234.7**	211.2
ACWI ESG	126.6	171.5	174.5
ACVI LOW CARBON TARGET *	43.9	58.7	87.7
ACVI LOW CARBON LEADER *	110.3	127.0	102.3
ACWI ex FOSSIL FUELS	153.2	201.1	187.4
MSCI WORLD Index	**166.0**	**216.0**	186.0
WORLD ESG	120.7	167.9	175.1
WORLD LOW CARBON TARGET *	43.6	64.1	84.9
WORLD LOW CARBON LEADER *	87.4	109.5	78.4
MSCI EMERGING MARKETS Index	**439.1**	**341.0**	**451.4**
EM (EMERGING MARKETS) ESG	2 **183.1**	3 **198.6**	1 **168.7**
MSCI EUROPE Index	**202.8**	**184.3**	**132.3**
EUROPE ESG	121.6	127.8	140.3
EUROPE LOW CARBON LEADERS *	96.9	89.3	62.0
MSCI NORTH AMERICA Index	**128.4**	**228.0**	**207.5**
NORTH AMERICA ESG	105.9	195.8	195.8
NORTH AMERICA LOW CARBON LEADERS *	66.7	112.9	92.4
MSCI PACIFIC Index	**273.0**	**249.1**	**190.8**
PACIFIC ESG	187.4	171.6	147.4

	VEIL Portfolio's Exposure to Carbon	
1	Weight Average Carbon Intensity (t CO2e/$M)	97
2	Carbon Footprint (tCO2e/$M invested)	96
3	Carbon Intensity (t CO2e/$M revenue)	121

(Source: Intensel)

4. ESG and Climate Change Report (Continued)

Table 2: List of Leading International and Local Organisations

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

5. Corporate Governance Statement

Introduction

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

Compliance with Corporate Governance Codes

Vietnam Enterprise Investments Limited (the "Company") is a member of the Association of Investment Companies (the "AIC") which has published the 2019 AIC Code of Corporate Governance (the "2019 AIC Code"). The 2019 AIC Code applies to accounting periods beginning on or after 1 January 2019.

The Board has considered the Principles and Provisions of the 2019 AIC Code. The 2019 AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the "UK Code"), as well as setting out additional Provisions on issues that are of specific relevance to investment companies.

The Board considers that reporting against the Principles and Provisions of the 2019 AIC Code, which has been endorsed by the Financial Reporting Council (the "FRC"), provides more relevant information to shareholders.

The FRC published a new version of the UK Code in July 2018 which applies to accounting periods beginning on or after 1 January 2019. Following discussions with the AIC on an update to the AIC Code, the FRC confirms that member companies who report against the 2019 AIC Code will be meeting their obligations in relation to the UK Code. This endorsement means that AIC member companies may also make a statement that, by reporting against the 2019 AIC Code they are meeting their obligations under the UK Code (and associated disclosure requirements under paragraph 9.8.6 of the Listing Rules) and as such do not need to report further on issues contained in the UK Code which are irrelevant to them.

The 2019 AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the 2019 AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

The 2019 AIC Code, which is relevant to the year ended 31 December 2020, is made up of 18 Principles and 42 Provisions covering:

- Board leadership and purpose;
- Division of responsibilities;
- Composition, succession and evaluation;
- Audit, risk and internal control; and
- Remuneration.

For the year ended 31 December 2020, the Company has complied with the Principles and Provisions of the 2019 AIC Code and, as such, also met the Principles and Provisions of the 2018 UK Code.

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

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

Section 172 of the UK Companies Act 2006

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

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

(b) the interests of the Company's employees;

(c) the need to foster the Company's business relationships with suppliers, customers and others;

(d) the impact of the Company's operations on the community and the environment;

(e) the desirability of the Company maintaining a reputation for high standards of business conduct; and

(f) the need to act fairly as between members of the Company,

(the "s.172 matters").

Section 172 of the UK Companies Act 2006 is not directly applicable to the Company as a non-UK company. However, in accordance with Provision 5 of the 2019 AIC Code, the Board is required to disclose how the s.172 matters have been considered in board discussions and decision-making. The Company maintains a long-term strategy with no employees. The Board and the Investment Manager have adequate and regular shareholder liaison. During the reporting period, the Board and the Investment Manager have taken steps to explicitly use the Company's investments and influence to advocate for a low-carbon, environmentally sustainable and inclusive economy. This aims to deliver long-term sustainable returns through different aspects including making better decisions by systematically and explicitly integrating environmental, social and governance ("ESG") factors into the investment process. More information on the Company's operations, conduct of business,

5. Corporate Governance Statement (Continued)

and fair treatment can be found in the Environmental, Social and Governance Report on pages 12 to 21.

Listing Rule 9.8.4C

Listing Rule 9.8.4C requires the Company to include certain information in a single identifiable section of this annual report or a cross reference table indicating where the information required in LR 9.8.4 R is set out. The Directors confirm that there are no disclosures to be made in this regard, other than in accordance with LR 9.8.4(5) and LR 9.8.4(6), the information of which is detailed in Note 10 to the financial statements (under “Directors’ fees”), and LR 9.8.4(10), the information of which is detailed on page 36 under “Directors’ Interests in Contracts”.

Directors

The following were Directors during the year to 31 December 2020 and to the date of this annual report:

- Stanley Chou: Chair
- Gordon Lawson: Senior Independent Non-Executive Director
- Derek Loh: Independent Non-Executive Director
- Vi Peterson: Independent Non-Executive Director
- Entela Benz-Saliasi: Independent Non-Executive Director
- Dominic Scriven O.B.E: Non-Executive Director

The Board consists of six Non-Executive Directors, five of whom are independent of the Investment Manager, whose individual knowledge and experience provide a balance of skills and expertise relevant to the Company and it is considered that they commit sufficient time to the Company’s affairs. The biographical details of the Directors are provided on page 34.

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

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

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

New Directors are provided with an induction programme, which is tailored to the particular circumstances of the new Director. Following the appointment, the Chair reviews and agrees with new Directors their training and development needs covering specific Company matters as well as industry issues.

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

Directors’ Duties and Responsibilities

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

- Statutory obligations and public disclosure;
- Strategic matters and financial reporting;
- Board composition and accountability to shareholders;
- Risk assessment and management, including reporting, compliance, monitoring, governance and control; and
- Other matters having material effects on the Company.

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

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

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

5. Corporate Governance Statement (Continued)

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

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

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

Board and Committees

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

Audit and Risk Committee

The Audit Committee was formed on the listing of the Company on the main market of the London Stock Exchange on 5 July 2016. With effect from 1 July 2018, the Audit Committee was expanded to become the Audit and Risk Committee.
As of 31 December 2020, the Audit and Risk Committee comprised:

- Gordon Lawson, Chair
- Derek Loh
- Entela Benz-Saliasi

Detailed information on the Audit and Risk Committee can be found in the Report of the Audit and Risk Committee on pages 32 to 33.

Management Engagement Committee

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

As of 31 December 2020, the Management Engagement Committee comprised:

- Vi Peterson, Chair
- Stanley Chou
- Gordon Lawson

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

The Board considers the arrangements for the provision of investment management services to the Company on an on-going basis and a formal review is conducted annually by the Management Engagement Committee which consists solely of Directors independent of the Investment Manager. The review considers investment strategy, investment process, performance and risk and is carried out through meetings between the Management Engagement Committee and the Investment Manager. As part of this review, the Board considered the quality and continuity of the personnel assigned to handle the Company's affairs, the investment process and the results achieved to date. The Directors believe that the Investment Manager has the resources and ability to deliver the results which they seek.

During the reporting period, the Management Engagement Committee met twice to discuss and assess service providers covering marketing and research, fund administration, custody, and investment management of the Company. In particular, an evaluation of the annual management fee and charging structure by the Investment Manager resulted in a reduction of fees as shown on page 27. The Management Engagement Committee was satisfied with their performance as well as their fees.

Nomination and Remuneration Committee

As of 31 December 2020, the Nomination and Remuneration Committee comprised:

- Derek Loh, Chair
- Vi Peterson
- Entela Benz-Saliasi

The Nomination and Remuneration Committee performs an annual review of the Directors' skills, experience, length of service and knowledge of the Company and the structure, size and composition (including gender) of the Board. The skills, experience and length of service of each Director are detailed in the Directors' biographies on page 34. The selection policy of the Board is to appoint the best qualified person for the job, by considering the Board's diversity, in order to achieve a combination of skills, experience and knowledge. The Board is satisfied that the current blend of diversity, skills and experience prompts informed decision making and does not deem it necessary to alter the mix at present.

The Nomination and Remuneration Committee periodically reviews

5. Corporate Governance Statement (Continued)

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

The Board's policy is that the remuneration of Non-Executive Directors should reflect the responsibilities of the Board, the experience of the Board as a whole and be fair and comparable to that of other investment companies of similar size, capital structure and investment objective. Details of the Directors' remuneration can be found on page 25 and in Note 10 to the financial statements. The Directors' interests (including interests of connected persons) can be found within the Report of the Board of Directors on pages 36 to 37.

The Nomination and Remuneration Committee, which is entirely comprised of independent Directors, regularly reviews the Board's structure, size and composition and makes recommendations to the Board with regard to any adjustment that seem appropriate, considers the rotation and renewal of the Board, approves the candidate specification for all Board appointments, approves the process by which suitable candidates are identified and short-listed, and nominates candidates for consideration by the full Board, whose responsibility is to formally make appointments.

During the reporting period, the Nomination and Remuneration Committee met twice to discuss, among other matters, succession planning. In particular, one of the independent directors is reaching his 10-year tenure serving with the Company and expresses his wish to hand over his position to a newly-appointed director whose knowledge and experience provide a balance of skills and expertise relevant to the Company. During the reporting period, the Nomination and Remuneration Committee considered a number of proposed candidates identified by Trust Associates Ltd., an international search consultancy for candidates of independent directors. Among other criteria, candidates for succession planning are reviewed in term of their capabilities, diversity and skills. The transition is expected to be carried out in the second quarter of 2021.

As of 31 December 2020, independence of the Board of Directors is maintained as five of the six Non-Executive Directors on the Board are independent of the Investment Manager. The Nomination and Remuneration Committee also confirms that the Directors' knowledge and experience can provide a balance of skills and expertise which are relevant to the Company.

Directors' Remuneration Report

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

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

The Directors are non-executive, and their fees are set within the limits of the Company's Restated and Amended Memorandum and Articles of Association (the "Articles") which limit the aggregate fees payable to the Board of Directors per annum, currently to US$200,000. The level of the cap may be increased by shareholders' resolutions from time to time. Subject to this overall limit, the Board's policy is that the remuneration of Non-Executive Directors should reflect the nature of their duties, responsibilities and the value of their time spent and be fair and comparable to that of other investment trusts and companies that are similar in size, have a similar capital structure and have a similar investment objective. No shareholder views were sought in setting the Remuneration Policy although any comment received from shareholders would be considered on an on-going basis.

Fee rates were established by reference to current market levels.

- Member of Board only: US$25,000 per annum
- Chair of the Board: +US$10,000 per annum
- Chair of the Audit and Risk Committee: +US$5,000 per annum
- Member of the Audit and Risk Committee: +US$2,500 per annum
- Chair of the Management Engagement Committee: +US$5,000 per annum
- Member of the Management Engagement Committee: +US$2,500 per annum
- Chair of the Nomination and Remuneration Committee: +US$5,000 per annum
- Member of the Nomination and Remuneration Committee: +US$2,500 per annum

Board Independence, Composition and Diversity

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

5. Corporate Governance Statement (Continued)

As of 31 December 2020, the Board consisted of five Independent Non-Executive Directors and one Non-Independent Non-Executive Director.

Directors' Appointment and Policy on Payment of Loss of Office

Each Director has an appointment letter with the Company. The terms of the appointment provide that a Director will be subject to re-election at each Annual General Meeting ("AGM"). A Director may be removed from office following three months' notice.
The Board does not have a formal policy requiring Directors to stand down after a certain period. The Board has the Nomination and Remuneration Committee which regularly reviews the Board's structure, size, gender and composition and makes recommendations to the Board with regard to any adjustment that seems appropriate.

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

Appointment

- All the Directors are non-executive, appointed under the terms of Letters of Appointment.
- The Directors will be subject to election at the first AGM after their appointment and to re-election annually thereafter.
- New appointments to the Board will be placed on the fee applicable to all Directors at the time of appointment (currently US$25,000).
- No incentive or introductory fees will be paid to encourage a directorship.
- The Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.
- The Company indemnifies the Directors for costs, charges, losses, expenses and liabilities which may be incurred in the discharge of duties, as a Director of the Company.

Performance, Service Contracts, Compensation and Loss of Office

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

Re-election of Directors

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

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

Conflict of Interests

Directors have a duty to avoid situations where they have, or could have, a direct or indirect interest that conflicts, or possibly could conflict, with the Company's interests. Only Directors who have no material interest in the matter being considered will be able to participate in the Board approval process. Directors are required to disclose all actual and potential conflicts of interest to the Chair in advance of any proposed external appointment.

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

The Board believes that its powers of authorisation of conflicts of interest have operated effectively. The Board also confirms that its procedure for the approval of conflicts of interest, if any, has been followed by the Directors. As of 31 December 2020, none of the Directors had a material interest in any contract which is significant to the Company's business other than Dominic Scriven in relation to the Investment Management Agreement as further detailed on page 36 (Directors' Interest in Contracts).

The Board notes that, subsequent to 31 December 2020, an affiliate of the Investment Manager subscribed to a convertible note issued by Intensel Limited ("Intensel") (a Hong Kong company which provides climate risk analysis) in the amount of US$200,000. Entela Benz-Saliasi has a material interest in, and is a director of, Intensel, which may provide services in the future to the Company (such as analysis of investee companies), but any such services are not expected to be materially significant. As at 31 December 2020, no such services had been provided to the Company.

The Directors' holdings in the Company can be found within the Report of the Board of Directors on pages 36 to 37.

Performance Evaluation

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

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

Induction/Information and Professional Development

The Directors are provided, on a regular basis, with key information on the Company's policies, regulatory requirements and its internal controls. Regulatory and legislative changes affecting Directors' responsibilities are advised to the Board as they arise along with changes to best practice from, amongst others, the Company

5. Corporate Governance Statement (Continued)

Secretary and the Auditor. Advisers to the Company also prepare reports for the Board from time to time on relevant topics and issues.

When a new Director is appointed to the Board, he/she will be provided with all relevant information regarding the Company and his/her duties and responsibilities as a Director. In addition, a new Director will also spend time with representatives of the Investment Manager in order to learn more about its processes and procedures. During the reporting period, no new Director was appointed.

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

Table 1 on page 31 lists the number of Board and Committee meetings attended by each Director. During the year ended 31 December 2020, there were four board meetings, two Audit and Risk Committee meetings, two Management Engagement Committee meetings and two Nomination and Remuneration Committee meetings.

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

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

Investment Manager

During the year under review, Enterprise Investment Management Limited provided investment management and advisory services to the Company in accordance with the terms of an investment management agreement dated 23 May 2016 between the Company and the Investment Manager (the "Investment Management Agreement").

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

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

With effect from 1 August 2017, the annual management fee payable to the Company's Investment Manager was amended from the 2.00% of NAV per annum as follows: the fee of 2.00% per annum continued to apply to the first US$1.25 billion of the Company's NAV but shall reduce to 1.75% per annum for NAV between US$1.25 billion and US$1.5 billion and further reduce to 1.50% per annum for NAV above US$1.5 billion.

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

The Investment Manager is not entitled to a performance fee.

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

The Investment Manager has invested the assets of the Company with a view to spreading the investment risk in accordance with its published investment policy as set out in the Portfolio Manager's Report on pages 5 to 11.

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

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

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

5. Corporate Governance Statement (Continued)

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

Furthermore, the Board has an ongoing process for identifying, evaluating and managing risks to which the Company is exposed including those contained within the performance of the investment management activities. The principal risks and uncertainties facing the Company are disclosed in Note 13 to the financial statements. These principal risks and uncertainties are monitored as part of the normal oversight process. Risk management and the operation of the internal control systems within the Company are primarily the responsibility of the Investment Manager, which operates under commercial independence with flexibility to ensure that principal risks and uncertainties are clearly managed and that systems of control operate effectively and efficiently. The Investment Manager monitors activities on a daily basis and ensures that the appropriate controls are exercised over the Company's assets. The systems of internal control operated by the Company are designed to manage rather than eliminate risk of failure in achieving its objectives and will only provide reasonable and not absolute assurance against material misstatement or loss.

The Board receives and considers reports regularly from the Investment Manager, with ad hoc reports and information supplied to the Board as required. The Investment Manager takes decisions as to the purchase and sale of individual investments, within the delegated authority established by the Board. The Investment Manager complies with the risk limits as determined by the Board and has systems in place to monitor cash flows and the liquidity risk of the Company.

The Investment Manager and Standard Chartered Bank (the "Administrator") also ensure that all Directors receive, in a timely manner, all relevant financial information about the Company's portfolio. Representatives of the Investment Manager, the Corporate Broker and the Legal Adviser attend each Board meeting as required, enabling the Directors to probe further on matters of concern. The Directors have access to the advice and service of the Company Secretary through its appointed representative who is responsible to the Board for ensuring that Board procedures are followed, and that applicable rules and regulations are complied with. The Board, the Investment Manager and those service providers operate in a supportive, co-operative and open environment.

At each Board meeting, a representative of the Investment Manager is in attendance to present verbal and written reports covering its activity, the portfolio and investment performance over the preceding period. Ongoing communication with the Board is maintained between formal meetings. The Investment Manager ensures that Directors have timely access to all relevant management, financial and regulatory information to enable informed decisions to be made. The Investment Manager contacts the Board as required for specific guidance on particular issues.

Administrator and Custodian

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

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

Company Secretary

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

Shareholder Engagement

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

The Board receives a monthly analysis of beneficial shareholders of the Company. During the year ended 31 December 2020, the Investment Manager had periodic meetings with larger shareholders to discuss aspects of the Company's performance. The Directors are made fully aware of their views.

The Chair and Directors make themselves available as and when

5. Corporate Governance Statement (Continued)

required to address shareholder queries. Shareholders wishing to raise questions are encouraged to write to the Company's Administrator at the address shown on page 73 or contact the Investment Manager using the contact details also provided on pages 73 to 74.

The Board believes that the AGM provides an appropriate forum for investors to communicate with the Board and encourages participation. The AGM will be attended by at least one Director. There is an opportunity for individual shareholders to question the Directors at the AGM. Details of proxy votes received in respect of each resolution will be made available to shareholders at the AGM and will be posted on the Company's website and the London Stock Exchange's website following the AGM.

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

The Board aims to keep shareholders informed and up to date with information about the Company. This includes information contained within annual reports, interim reports, monthly reports, weekly reports and weekly factsheets as well as notices of any significant event to registered shareholders.

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

Internal Audit

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

Internal Control

The Audit and Risk Committee is responsible for reviewing the effectiveness and efficiency of the Company's system of internal control. The Board reviews the ongoing processes for identifying, evaluating and monitoring the principal risks and uncertainties faced by the Company.
Detailed information on the risk management and internal controls in relation to the Company's financial reporting process can be found in the Report of the Audit and Risk Committee on pages 32 to 33.

Principal Risks and Uncertainties

The Directors confirm that they have carried out a robust assessment of the principal risks and uncertainties facing the Company, including those that would threaten its business model, future performance, solvency or liquidity on a quarterly basis. This includes an assessment of strategic, business, financial, operational, IT and compliance risks. The principal risks and uncertainties identified by the Board, together with the way in which the Board seeks to manage those risks and uncertainties, can be found in Note 13 to the financial statements. The Directors have not identified any other principal risk or uncertainty during the reporting period.

Viability Statement

The Directors have assessed the prospects of the Company over a three-year period to 31 December 2023. The Directors believe that this period is appropriate because it would provide the Investment Manager the time needed to successfully unlock the value of the Company's underlying portfolio.

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

Following the Board's detailed analysis, it has concluded that, based on the Company's current position, the principal risks and uncertainties that it faces and their potential impact on its future development and prospects, there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities when they fall due over the three-year period to 31 December 2023.

Going Concern

The Directors have reviewed the liquidity of the Company's portfolio and the Company's ability to meet its obligations as they fall due for a period of at least 12 months from the date that these financial statements were approved. On the basis of that review and after due consideration of the balance sheet and activities of the Company and the Company's assets, liabilities, commitments and financial recourses, the Directors have concluded that the Company has adequate resources to continue its operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing the financial statements.

Annual General Meeting

The AGM took place at 2406, 24/F, 9 Queen's Road, Central, Hong Kong on 18 June 2020 at 2:00pm (Hong Kong time). At the AGM, a special resolution to wind up the Company on 31 December 2022 was put to the meeting but was not passed. Therefore, the Company will put before the AGM in 2025 a special resolution to wind up the Company being effective on 31 December 2027.

5. Corporate Governance Statement (Continued)

The result of this AGM can be found on page 35.

Authority for Share Buyback and Discount Management

The shareholders approved at the Company's AGM on 18 June 2020 a special resolution to undertake share buybacks up to a maximum amount equal to 14.99% of the issued share capital. This special resolution was passed and shall expire on the earlier of 31 December 2021 and the conclusion of the Company's next annual general meeting.

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

A share buyback programme was carried out in 2020. The details of the share buyback programme in 2020 can be found in Table 2 on page 31. In total 1,126,780 Shares were bought back during the year, representing 0.51% of the issued share capital.

The Shares bought back are held in treasury. As of 31 December 2020, the Company held 3,985,638 Shares in treasury.

Following the above buybacks, the total number of Shares in issue was 216,935,108 (excluding Shares held in treasury) as of 31 December 2020. This number represents the total voting rights in the Company and may be used by shareholders as the denominator for the calculations by which they can determine if they are required to notify their interest in, or a change to their interest in the Company under the FCA's Disclosure Guidance and Transparency Rules.

The Directors will only make such buybacks through the market at prices (after allowing for costs) below the relevant prevailing NAV per Share under the guidelines established from time to time by the Board. Buybacks of Shares may be made only in accordance with Cayman law, the Disclosure Guidance and Transparency Rules and the authority granted by shareholders at the Company's AGM on 18 June 2020.

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

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

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

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

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

Management Shares

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

The management shares shall not be redeemed by the Company, and do not carry any right to dividends. In a winding up, management shares are entitled to a return of paid up nominal capital out of the assets of the Company, but only after the return of nominal capital paid up on Ordinary Shares. The management shares each carry one vote on a poll. Subject always to the requirements of the rules of any exchange on which the Company's shares may be trading from time to time, the holders of the management shares have the right to appoint two individuals to the Board.

Substantial Shareholdings

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

Inter Fund Management S.A.
- Number of Ordinary Shares held: 26,259,515
- % of total Ordinary Shares in issue: 12.10%

Bill & Melinda Gates Foundation
- Number of Ordinary Shares held: 25,128,192
- % of total Ordinary Shares in issue: 11.58%

5. Corporate Governance Statement (Continued)

Table 1: Attendance of the Board and the Committees Meetings (for the year ended 31 December 2020)

Director	Board meetings	Audit and Risk Committee meetings	Management Engagement Committee meetings	Nomination and Remuneration Committee meetings
Stanley Chou	4/4 (Chair)	2/2	2/2 (Member)	
Derek Loh	4/4	2/2 (Member)		2/2 (Chair)
Gordon Lawson	4/4	2/2 (Chair)	2/2 (Member)	
Vi Peterson	4/4	2/2	2/2 (Chair)	2/2 (Member)
Entela Benz-Saliasi	4/4	2/2 (Member)		2/2 (Member)
Dominic Scriven O.B.E	4/4			

Table 2: Share Buybacks (for the year ended 31 December 2020)

Date of purchase	Number of Shares purchased	Highest price paid per Share	Lowest price paid per Share	Average price paid per Share	Shares in treasury	Shares in issue (excluding Shares held in treasury)
	Shares	GBX	GBX	GBX	Shares	Shares
19 March 2020	125,000	329.04	326.00	327.38	2,983,858	217,936,888
20 March 2020	19,169	335.50	332.50	333.34	3,003,027	217,917,719
23 March 2020	52,828	326.00	309.00	319.00	3,055,855	217,864,891
18 May 2020	56,361	413.00	408.00	408.71	3,112,216	217,808,530
26 May 2020	74,139	426.05	425.50	425.88	3,186,355	217,734,391
11 September 2020	150,000	434.50	430.00	432.33	3,336,355	217,584,391
14 September 2020	152,478	436.50	433.50	435.62	3,488,833	217,431,913
21 September 2020	77,666	428.50	426.50	427.44	3,566,499	217,354,247
22 September 2020	250,000	438.50	428.50	434.26	3,816,499	217,104,247
23 September 2020	88,645	449.00	439.50	445.95	3,905,144	217,015,602
24 September 2020	43,285	445.00	445.00	445.00	3,948,429	216,972,317
25 September 2020	25,000	449.50	447.00	448.16	3,973,429	216,947,317
30 September 2020	12,209	450.00	449.00	449.85	3,985,638	216,935,108

6. Report of the Audit and Risk Committee

Composition

The Audit and Risk Committee is chaired by Gordon Lawson and its members include Derek Loh and Entela Benz-Saliasi who were all Independent, Non-executive Directors.

The Audit and Risk Committee met twice during the year under review. Table 1 on page 31 lists the number of the Audit and Risk Committee meetings attended by each Director. The Company's Auditors were invited to attend meetings as necessary.

In the opinion of the Board, the Audit and Risk Committee of the Company complies with the recommendations and requirements of the AIC Code of Corporate Governance (the "AIC Code") since the listing on the main market of the London Stock Exchange on 5 July 2016.

Role and Responsibilities

The role of the Audit and Risk Committee is to assist the Board in applying financial reporting and internal control principles and to maintain an appropriate relationship with the Auditors. The Audit and Risk Committee assesses the prospects of the Company and principal risks and uncertainties facing the Company. The Audit and Risk Committee, as a result, reasonably expects that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.

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

Financial Reporting

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

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

Risk

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

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

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

Internal Controls and Risk Management Systems

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

Internal Audit

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

External Audit

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

Conflicts

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

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

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

This process, together with key procedures established with a view to providing effective and efficient financial control, has been in place throughout the year ended 31 December 2020. The Board recognises that these control systems can only be designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and provide reasonable, but not absolute, assurance against material misstatement or loss.

Risk assessment and the review of internal controls are undertaken by the Audit and Risk Committee, in the context of the Company's overall investment objective. During the reporting year, the Audit and Risk Committee defined an Enterprise Risk Management Framework template which is being used to monitor the various principal risks

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

and uncertainties including the key business, operational, compliance and financial risks facing the Company.

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

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

External Auditor

The Audit and Risk Committee reviews and makes recommendations to the Board with regard to the re-appointment of the external auditor, taking into account its qualifications, expertise and resources, independence and the effectiveness of the external audit process. The Audit and Risk Committee meets with the external auditor at least once a year to discuss any key issue arising from the audit and/or monitor the external auditor's compliance with the relevant ethical and professional guidance on the rotation of the audit partner, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements.

KPMG Limited ("KPMG") was first appointed as the Company's external auditor in 2008 and during the audit tenure from 2008 to 2020, four audit partners have been rotated to perform the service.

KPMG's rotation policies are consistent with the Code of Ethics of the International Ethics Standards Board for Accountants (the "IESBA") and require the firm to comply with any stricter applicable rotation requirement. The firm's partners are subject to periodic rotations of their responsibilities for audit clients under applicable laws, regulations, independence rules and KPMG International policy. These requirements place limits on the number of consecutive years that partners in certain roles may provide statutory audit services to a client, followed by a 'time-out' period during which time these partners may not participate in the audit, provide quality control for the audit, consult with the engagement team or the client regarding technical or industry-specific issues or in any way influence the outcome of the audit.

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

In order to safeguard the auditor's independence and objectivity, the Company did not engage KPMG for any non-audit service except where it was work that they were clearly best suited to perform. Fees paid to KPMG for audit and audit-related services are set out in Note 10 to the financial statements and summarised below:

- 2020: US$82,000
- 2019: US$82,000

The Audit and Risk Committee reviews the effectiveness and efficiency of the audit provided by KPMG on an annual basis and remains satisfied with the effectiveness and efficiency of the audit based on their performance. In addition, the Audit and Risk Committee engaged the Financial Reporting Council (the "FRC") in the UK to perform a review of the Company's external auditor i.e. KPMG and reviewed the financial results of the Company.

Audit Review

Prior to the Audit and Risk Committee meeting held on 5 April 2019, as part of good corporate governance, the Chair of the Audit and Risk Committee requested a review of the external auditor, KPMG. The Audit and Risk Committee conducted a tender process in order to make recommendations to the Board of Directors regarding which external auditor should be appointed for the Company going forward. The Audit and Risk Committee engaged with various audit firms as a potential replacement, however, only one audit firm responded positively. The Audit and Risk Committee noted that the candidate was presently the internal auditor of the Dragon Capital group which could pose a conflict of interest. In addition, the candidate's Vietnam office is not yet approved by the FRC. The Audit and Risk Committee came to the conclusion that the Company would be advised to retain KPMG as its external auditor. The Board of Directors accepted and approved this conclusion at a board meeting held shortly after the relevant Audit and Risk Committee meeting. The re-appointment of KPMG was proposed at the next AGM held on 18 June 2020 and the resolution was passed.

Gordon Lawson
Chair of the Audit and Risk Committee
Vietnam Enterprise Investments Limited
28 April 2021

7. Board of Directors

Chair & Independent Non-Executive Director

(Appointed January 2016)

Stanley Chou

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

Senior Independent Non-Executive Director

(Appointed July 2014)

Gordon Lawson

Educated at Birmingham University and Cranfield Business School, Gordon worked with Salomon Brothers/Citigroup, London before founding Pendragon in 2000. He later became Chairman of Indochina Capital Vietnam plc. He is an advisor and director of various companies.

Independent Non-Executive Director

(Appointed March 2011)

Derek Loh

Derek is a lawyer practicing in Singapore in the firm TSMP Law Corporation, of which he is a director. His area of legal practice is primarily construction and engineering law. He also sits on the boards of various Singapore-listed companies amongst which he undertakes various roles as the chair of the Remuneration and Nomination Committees and as a member of Audit Committees.

Independent Non-Executive Director

(Appointed April 2018)

Vi Peterson

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

Independent Non-Executive Director

(Appointed May 2019)

Entela Benz-Saliasi

Entela serves as Adjunct Associate Professor at Department of Finance, HKUST Business School in Hong Kong. Alongside teaching, she has been acting as a consultant for Impact and ESG Investing since 2007. She is the founder and CEO of Intensel. She sits on various boards in Hong Kong and the Philippines.

Non-Executive Director

(Appointed May 1995)

Dominic Scriven O.B.E

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

8. Annual General Meeting

Annual General Meeting Summary

The Board of Directors of the Company announced that at the Annual General Meeting of the Company held on 18 June 2020 (the "2020 AGM"), the resolutions numbered 1 to 9 in the notice of meeting for the 2020 AGM were passed by the required majority on a poll vote and the resolution numbered 10 was not passed.

Ordinary Resolutions

(1) To receive and adopt the audited financial statements for the year ended 31 December 2019 together with the auditor's and Directors' reports thereon.

(2) To re-appoint KPMG Ltd of Vietnam as auditor of the Company and to authorise the Board to fix their remuneration.

(3) To re-elect Stanley Chou as a Director of the Company.

(4) To re-elect Gordon Lawson as a Director of the Company.

(5) To re-elect Derek Loh as a Director of the Company.

(6) To re-elect Vi Peterson as a Director of the Company.

(7) To re-elect Entela Benz-Saliasi as a Director of the Company.

(8) To re-elect Dominic Scriven as a Director of the Company.

Special Resolution

(9) To authorise the Company generally and unconditionally to make market purchases of its ordinary shares of US$0.01 each provided that:

- (i) the maximum aggregate number of ordinary shares that may be purchased is 14.99 per cent. of issued share capital (excluding shares held in treasury as at the date of this Notice (32,657,947 shares));
- (ii) the minimum price which may be paid for each ordinary share is US$0.01;
- (iii) the maximum price (excluding expenses) which may be paid for each ordinary share is the higher of:
  - (a) 105 per cent. of the average market value of an ordinary share in the Company for the five business days prior to the day the purchase is made; and
  - (b) the higher of the price of the last independent trade and the highest current independent bid as stipulated by Regulatory Technical Standards adopted by the European Commission pursuant to Article 5 (6) of the Market Abuse Regulation; and
- (iv) the authority conferred by this resolution shall expire on 31 December 2021 or, if earlier, at the conclusion of the Company's next annual general meeting save that the Company may, before the expiry of the authority granted by this resolution, enter into a contract to purchase ordinary shares which will or may be executed wholly or partly after the expiry of such authority

(10) To wind up the Company effective 31 December 2022.

9. Report of the Board of Directors

The Directors of Vietnam Enterprise Investments Limited (the "Company") present their report and the audited financial statements of the Company for the year ended 31 December 2020.

Principal Activity

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

Results and Dividends

The Company's profit for the year ended 31 December 2020 and its financial position at that date are set out in the attached financial statements. The Directors have taken the decision not to pay a dividend in respect of the year ended 31 December 2020 (2019: Nil).

Share Capital

Details of movements in the Company's share capital during the year are presented in Note 8. As at 31 December 2020, the Company had 216,935,108 Ordinary Shares and 1,000 Management Shares outstanding (31 December 2019: 218,061,888 Ordinary Shares and 1,000 Management Shares).

Directors

The Directors of the Company during the year were:

Non-executive Director:

- Dominic Scriven O.B.E

Independent Non-executive Directors:

- Stanley Chou – Chair
- Gordon Lawson – Senior Independent Non-Executive Director
- Derek Loh
- Vi Peterson
- Entela Benz-Saliasi

In accordance with Article 91 of the Restated and Amended Memorandum and Articles of Association (the "Articles"), the Independent and Non-independent Non-executive Directors are required to submit themselves for re-election at the next occurring Annual General Meeting ("AGM"). All the Independent Non-executive Directors were duly re-appointed at the AGM held on 18 June 2020 following the expiry of their respective terms. Dominic Scriven O.B.E also submitted himself for re-election and was duly re-appointed.

Directors' Rights to Acquire Shares or Debentures

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

Directors' Interests in Shares

Dominic Scriven O.B.E, a Non-executive Director of the Company, is a beneficial shareholder of the Company, holding 36,423 Ordinary Shares of the Company as at 31 December 2020 (31 December 2019: 36,423 Ordinary Shares).

Dominic Scriven O.B.E also has indirect interests in shares of the Company as he is a key shareholder of Dragon Capital Group Limited, the parent company of Dragon Capital Limited which holds the Management Shares of the Company. Dragon Capital Group Limited is also the ultimate parent company of Enterprise Investment Management Limited, the Investment Manager of the Company during the year under review, and Dragon Capital Markets Limited. As at 31 December 2020, Dragon Capital Markets Limited beneficially held 1,010,359 Ordinary Shares of the Company for investment and proprietary trading purposes (31 December 2019: 2,295,359 Ordinary Shares).

Gordon Lawson, an Independent Non-executive Director of the Company, is a beneficial shareholder of the Company, holding 25,000 Ordinary Shares of the Company as at 31 December 2020 (31 December 2019: 25,000 Ordinary Shares).

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

Directors' Interests in Contracts

Dominic Scriven O.B.E has indirect interests in the Investment Management agreement between the Company and Enterprise Investment Management Limited (and Dragon Capital Management (HK) Limited from 1 April 2021), the Investment Manager of the Company, where he is a Director. There were no further contracts of significance in relation to the Company's business in which a Director of the Company had a material interest, whether directly or indirectly, at the end of the year or at any time during the year.

Substantial Shareholders

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

Inter Fund Management S.A.

- Number of Ordinary Shares held: 26,259,515
- % of total Ordinary Shares in issue: 12.10%

Bill & Melinda Gates Foundation

- Number of Ordinary Shares held: 25,128,192
- % of total Ordinary Shares in issue: 11.58%

9. Report of the Board of Directors (Continued)

Subsequent events

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

Auditors

KPMG Limited, Vietnam

Directors' Responsibility in Respect of the Financial Statements

The Board of Directors is responsible for ensuring that the financial statements of the Company are properly drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2020 and of its financial performance and its cash flows for the year then ended. When preparing these financial statements, the Board of Directors is required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- comply with the requirements of International Financial Reporting Standards ("IFRS") or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- maintain adequate accounting records and an effective system of internal controls;
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue its operations in the foreseeable future; and
- control and direct effectively the Company in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the financial statements.

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

The important events that have occurred during the year ended 31 December 2020 are described in the Chair's Statement and the Portfolio Manager's Report. A detailed description of the principal risks and uncertainties faced by the Company are set out in Note 13 to the financial statements.

The Directors confirm to the best of their knowledge that:

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

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

Approval of the Financial Statements

The Board of Directors hereby approves the accompanying financial statements which give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with IFRS.

Signed on behalf of the Board by:

Stanley Chou
Chair
Vietnam Enterprise Investments Limited
28 April 2021

Signed on behalf of the Audit and Risk Committee by:

Gordon Lawson
Chair of the Audit and Risk Committee
Vietnam Enterprise Investments Limited
28 April 2021

10. Independent Auditors' Report

KPMG

KPMG Limited Branch
10th Floor, Sun Wah Tower
115 Nguyen Hue Street, Ben Nghe Ward
District 1, Ho Chi Minh City, Vietnam
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INDEPENDENT AUDITORS' REPORT

To the Shareholders
Vietnam Enterprise Investments Limited

Opinion

We have audited the accompanying financial statements of Vietnam Enterprise Investments Limited ("the Company"), which comprise the statement of financial position as at 31 December 2020, and the statements of comprehensive income, changes in net assets attributable to Ordinary Shareholders and cash flows for the year then ended, and notes to the financial statements, including significant accounting policies and other explanatory information, as set out on pages 42 to 72.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Key Audit Matters

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

We do not identify any key audit matter in our audit of the financial statements for the year ended 31 December 2020.

10. Independent Auditors' Report (Continued)

KPMG

Other Information

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

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

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

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

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

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

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

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

Auditors' Responsibility for the Audit of the Financial Statements

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

10. Independent Auditors' Report (Continued)

KPMG

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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10. Independent Auditors' Report (Continued)

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

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

On behalf of KPMG Limited's Branch in Ho Chi Minh City
Vietnam
Audit Report No.: 20-01-00338-21-1

M.S.C.N: 0100112025-001 C.T.N.H.H
CHI NHÁNH
CÔNG TY TNHH
KPMG
THÀNH PHỐ HỒ CHÍ MINH

Nguyen Thanh Nghi
Deputy General Director

28 April 2021

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11. Statement of Financial Position
As at 31 December 2020

	Note	31 December 2020	31 December 2019	Change
		US$	US$	in %
CURRENT ASSETS				
Financial assets at fair value through profit or loss	5	1,776,972,384	1,467,469,779	
Other receivables		918,374	1,140,194	
Balances due from brokers		-	77,290	
Cash and cash equivalents	6	24,769,597	9,473,320	
TOTAL ASSETS		**1,802,660,355**	**1,478,160,583**	**0.22**
CURRENT LIABILITIES				
Balances due to brokers		-	864,287	
Accounts payable and accruals	7	2,969,152	2,677,519	
TOTAL LIABILITIES		**2,969,152**	**3,541,806**	**(0.16)**
EQUITY				
Issued share capital	8	2,169,360	2,180,628	
Share premium	8	542,487,042	548,355,321	
Retained earnings		1,255,034,801	924,082,828	
TOTAL EQUITY		**1,799,691,203**	**1,474,618,777**	**0.22**
NET ASSETS ATTRIBUTABLE TO ORDINARY SHAREHOLDERS		**1,799,691,203**	**1,474,618,777**	**0.22**
NUMBER OF ORDINARY SHARES IN ISSUE	8	**216,935,108**	**218,061,888**	
NET ASSET VALUE PER ORDINARY SHARE	9	**8.30**	**6.76**	**0.23**

Approved by the Board of Directors on 28 April 2021.

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

The accompanying notes are an integral part of these financial statements

12. Statement of Comprehensive Income
For the year ended 31 December 2020

	Note	2020	2019
		US$	US$
INCOME			
Bank interest income		19,145	20,283
Dividend income		7,762,121	9,178,449
Net changes in fair value of financial assets at fair value through profit or loss	5	346,398,761	55,262,042
Gains on disposals of investments		8,972,704	13,543,010
TOTAL INCOME		**363,152,731**	**78,003,784**
EXPENSES			
Administration fees	10	(936,822)	(974,416)
Custodian fees	10	(731,557)	(779,036)
Directors' fees	10	(165,000)	(168,159)
Management fees	10	(27,335,507)	(28,878,855)
Legal and professional fees		(462,278)	(652,853)
Brokerage fee and structuring fee		(740,238)	(242,470)
Structuring fee of short-term borrowings		(1,570,153)	(1,500,000)
Interest expense		(600,009)	(1,476,950)
Withholding taxes		(2,675)	(2,468)
Other operating expenses		(95,829)	(224,748)
TOTAL EXPENSES		**(32,640,068)**	**(34,899,955)**
NET GAIN BEFORE EXCHANGE GAINS		**330,512,663**	**43,103,829**
EXCHANGE GAINS			
Net foreign exchange gains		439,310	44,482
PROFIT BEFORE TAX		**330,951,973**	**43,148,311**
Income tax	11	-	-
NET PROFIT AFTER TAX FOR THE YEAR		**330,951,973**	**43,148,311**
OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**330,951,973**	**43,148,311**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO ORDINARY SHAREHOLDERS		**330,951,973**	**43,148,311**
BASIC EARNINGS PER ORDINARY SHARE	12	**1.52**	**0.20**

The accompanying notes are an integral part of these financial statements

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

For the year ended 31 December 2020

	Issued share capital	Share premium	Retained earnings	Total
	US$	US$	US$	US$
Balance at 1 January 2019	**2,195,808**	**556,891,643**	**880,934,517**	**1,440,021,968**
Total comprehensive income for the year:				
Net profit for the year	-	-	43,148,311	43,148,311
Transactions with shareholders, recognised directly in equity:				
Repurchase of Ordinary Shares	(15,180)	(8,536,322)	-	(8,551,502)
Balance at 1 January 2020	**2,180,628**	**548,355,321**	**924,082,828**	**1,474,618,777**
Total comprehensive income for the year:				
Net profit for the year	-	-	330,951,973	330,951,973
Transactions with shareholders, recognised directly in equity:				
Repurchase of Ordinary Shares	(11,268)	(5,868,279)	-	(5,879,547)
Balance at 31 December 2020	**2,169,360**	**542,487,042**	**1,255,034,801**	**1,799,691,203**

The accompanying notes are an integral part of these financial statements

14. Statement of Cash Flows
For the year ended 31 December 2020

	Note	2020	2019
		US$	US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		330,951,973	43,148,311
Adjustments for:			
Bank interest income		(19,145)	(20,283)
Bank interest expense		600,009	1,476,950
Dividend income		(7,762,121)	(9,178,449)
Net changes in fair value of financial assets at fair value through profit or loss		(346,398,761)	(55,262,042)
Gains on disposals of investments		(8,972,704)	(13,543,010)
		(31,600,749)	**(33,378,523)**
Net cash flows from subsidiaries carried at fair value		61,403,645	69,908,995
Changes in other receivables and balances due from brokers		77,290	438,779
Changes in balances due to brokers and accounts payable and accruals		(572,654)	(2,873,503)
		29,307,532	**34,095,748**
Proceeds from disposals of investments		226,139,022	141,409,959
Purchases of investments		(241,673,807)	(137,231,895)
Bank interest income received		19,145	20,283
Bank interest expense paid		(600,009)	(1,667,580)
Dividends received		7,983,941	8,606,674
Net cash generated from operating activities		**21,175,824**	**45,233,189**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings		210,000,000	100,000,000
Repayments of borrowings		(210,000,000)	(160,000,000)
Repurchase of Ordinary Shares		(5,879,547)	(8,551,502)
Net cash used in financing activities		**(5,879,547)**	**(68,551,502)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**15,296,277**	**(23,318,313)**
Cash and cash equivalents at the beginning of the year		9,473,320	32,791,633
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**6**	**24,769,597**	**9,473,320**

The accompanying notes are an integral part of these financial statements

15. Notes to the Financial Statements
For the year ended 31 December 2020

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

1. THE COMPANY

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

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

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

The Company had the following investments in subsidiaries and joint operation as at 31 December 2020, for the purpose of investment holding:

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

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

As at 31 December 2020 and 31 December 2019, the Company had no employees.

2. BASIS OF PREPARATION

(a) Basis of accounting

The Company's financial statements as at and for the year ended 31 December 2020 have been prepared in accordance with IFRS. They were authorised for issue by Company's Board of Directors on 28 April 2021.

(b) Basis of measurement

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

(c) Functional and presentation currency

These financial statements are presented in United States Dollar ("US$"), which is the Company's functional currency.

15. Notes to the Financial Statements (Continued)
For the year ended 31 December 2020

2. BASIS OF PREPARATION (Continued)

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

(d) Use of estimates and judgments

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

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

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

Assessment as investment entity

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

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

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

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

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

Fair value of financial instruments

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

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

15. Notes to the Financial Statements (Continued)
For the year ended 31 December 2020

2. BASIS OF PREPARATION (Continued)

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

(e) Going concern

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Subsidiaries and joint operation

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

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

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

(b) Foreign currency transactions

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

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

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

(c) Financial assets and financial liabilities

(i) Recognition and initial measurement

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

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

15. Notes to the Financial Statements (Continued)
For the year ended 31 December 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ii) Classification and subsequent measurement

Classification of financial assets

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

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

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

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

Business model assessment

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

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

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

The Company has determined that it has two business models:

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

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

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

15. Notes to the Financial Statements (Continued)
For the year ended 31 December 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Reclassifications

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

Subsequent measurement of financial assets

- *Financial assets at FVTPL*

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

- *Financial assets at amortised cost*

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

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

Financial liabilities – Classification, subsequent measurement and gains and losses

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

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

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

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

(iii) Fair value measurement

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

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

15. Notes to the Financial Statements (Continued)
For the year ended 31 December 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

(iv) Amortised cost measurement

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

(v) Impairment

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

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

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

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

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

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

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

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

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

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

Measurement of ECLs

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

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

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

15. Notes to the Financial Statements (Continued)
For the year ended 31 December 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECLs in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

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

(vi) Derecognition

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

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

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

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

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

(vii) Offsetting

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

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

(d) Cash and cash equivalents

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

15. Notes to the Financial Statements (Continued)
For the year ended 31 December 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Share capital

Issuance of share capital

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

Repurchase of Ordinary Shares

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

(f) Segment reporting

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

(g) Provisions

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

(h) Interest income

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

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

(i) Dividend income

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

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

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

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

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

(k) Expenses

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

15. Notes to the Financial Statements (Continued)
For the year ended 31 December 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Company presents basic earnings per share ("EPS") for its Ordinary Shares. Basic EPS is calculated by dividing net profit or loss attributable to the Ordinary Shareholders by the weighted average number of Ordinary Shares outstanding during the year. The Company did not have potentially dilutive shares as of 31 December 2020 and 2019.

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

(m) Related parties

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

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

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

4. TRANSACTIONS WITH RELATED PARTIES

Dominic Scriven O.B.E, a Non-executive Director of the Company, is a beneficial shareholder of the Company, holding 36,423 Ordinary Shares of the Company as at 31 December 2020 (31 December 2019: 36,423). Dominic Scriven O.B.E also has indirect interests in the share capital of the Company as he is a shareholder of Dragon Capital Group Limited, the parent company of Dragon Capital Limited which holds the Management Shares of the Company. Dragon Capital Group Limited is also the ultimate parent company of Enterprise Investment Management Limited (and Dragon Capital Management (HK) Limited from 1 April 2021), the Investment Manager of the Company and Dragon Capital Markets Limited. As at 31 December 2020, Dragon Capital Markets Limited beneficially held 1,010,359 Ordinary Shares of the Company for investment and proprietary trading purposes (31 December 2019: 2,295,359 Ordinary Shares).

Gordon Lawson, a Director of the Company, is a beneficial shareholder of the Company, holding 25,000 Ordinary Shares of the Company as at 31 December 2020 (31 December 2019: 25,000 Ordinary Shares).

During the year, the Directors, with exception of Dominic Scriven O.B.E, earned US$165,000 (2019: US$168,159) for their participation on the Board of Directors of the Company.

During the year, total broker fees paid to HSC – an associate of Dragon Capital Group Limited and one of the securities brokers of the Company and its subsidiaries – amounted to US$380,878 (2019: US$185,724). As at 31 December 2020, there was no broker fee payable to this broker (31 December 2019: US$1,262).

15. Notes to the Financial Statements (Continued)
For the year ended 31 December 2020

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	31 December 2020	31 December 2019
	US$	US$
Directly held investments (a)	769,940,680	638,021,791
Investments in subsidiaries (b)	1,007,031,704	829,447,988
	1,776,972,384	**1,467,469,779**

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

	31 December 2020	31 December 2019
	US$	US$
Listed investments:		
Investments, at cost	519,437,945	490,218,772
Unrealised gains	250,502,735	145,235,320
At carrying value	769,940,680	635,454,092
Unlisted investments:		
Investments, at cost	3,762,362	8,474,046
Unrealised losses	(3,762,362)	(5,906,347)
At carrying value	-	2,567,699
	769,940,680	**638,021,791**

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

	31 December 2020	31 December 2019
	US$	US$
Opening balance	638,021,791	613,929,733
Purchases	241,673,807	137,231,895
Sales	(217,166,318)	(127,866,949)
Unrealised gains	107,411,400	14,727,112
Closing balance	**769,940,680**	**638,021,791**

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

15. Notes to the Financial Statements (Continued)
For the year ended 31 December 2020

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

The net assets of the Company's subsidiaries comprised:

	31 December 2020	31 December 2019
	US$	US$
Cash and cash equivalents	22,261,057	14,151,289
Financial assets at fair value through profit or loss (c)	983,928,129	808,293,291
Other receivables	842,518	1,776,595
Balances due from brokers	-	5,991,507
Total assets	**1,007,031,704**	**830,212,682**
Balances due to brokers	-	764,694
Total liabilities	**-**	**764,694**
Net assets	**1,007,031,704**	**829,447,988**

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

	31 December 2020	31 December 2019
	US$	US$
Opening balance	829,447,988	858,822,053
Net cash flows from subsidiaries	(61,403,645)	(69,908,995)
Fair value movements in investments in subsidiaries	238,987,361	40,534,930
Closing balance	**1,007,031,704**	**829,447,988**

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

	31 December 2020	31 December 2019
	US$	US$
Listed investments:		
Investments, at cost	593,496,859	579,652,391
Unrealised gains	390,431,270	226,960,342
At carrying value	983,928,129	806,612,733
Unlisted investments:		
Investments, at cost	-	3,083,797
Unrealised losses	-	(1,403,239)
At carrying value	983,928,129	1,680,558
	983,928,129	**808,293,291**

15. Notes to the Financial Statements (Continued)
For the year ended 31 December 2020

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

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

	31 December 2020	31 December 2019
	US$	US$
Opening balance	808,293,291	848,094,361
Purchases	283,071,136	102,170,069
Sales	(272,310,465)	(122,935,687)
Unrealised gains/(losses)	164,874,167	(19,035,452)
Closing balance	**983,928,129**	**808,293,291**

Investment portfolio by sector was as follows:

	31 December 2020		31 December 2019	
	US$	%	US$	%
Banking	591,569,248	33	312,652,181	21
Real Estate & Construction	410,471,646	23	528,930,805	36
Material & Resources	223,764,582	13	83,867,483	6
Retail	207,845,312	12	165,216,625	11
Food & Beverages	92,942,092	4	77,676,185	5
Software & Services	71,236,340	5	58,801,389	4
Transportation	67,422,278	4	35,825,994	2
Energy	49,524,028	3	44,045,307	3
Consumer Durables	39,093,283	2	56,287,529	4
Net monetary assets kept by subsidiaries	23,103,575	1	21,154,697	2
Diversified Financials	-	-	23,789,427	2
Pharmaceuticals	-	-	22,747,559	2
Capital Goods	-	-	11,592,901	1
Other sectors	-	-	24,881,697	1
	1,776,972,384	**100**	**1,467,469,779**	**100**

(d) Restrictions

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

(e) Support

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

6. CASH AND CASH EQUIVALENTS

	31 December 2020	31 December 2019
	US$	US$
Cash in banks	24,769,597	9,473,320

15. Notes to the Financial Statements (Continued)
For the year ended 31 December 2020

7. ACCOUNTS PAYABLE AND ACCRUALS

	31 December 2020	31 December 2019
	US$	US$
Management fees	2,782,125	2,530,565
Administration fees	95,027	84,954
Other payables	92,000	62,000
	2,969,152	**2,677,519**

8. ISSUED SHARE CAPITAL AND SHARE PREMIUM

	31 December 2020	31 December 2019
	US$	US$
Authorised:		
500,000,000 Ordinary Shares at par value of US$0.01 each	5,000,000	5,000,000
300,000,000 Conversion Shares at par value of US$0.01 each	3,000,000	3,000,000
1,000 Management Shares at par value of US$0.01 each	10	10
	8,000,010	**8,000,010**
Issued and fully paid:		
220,920,746 Ordinary Shares at par value of US$0.01 each (31 December 2019: 220,920,746 Ordinary Shares at par value of US$0.01 each)	2,209,207	2,209,207
1,000 Management Shares at par value of US$0.01 each	10	10
	2,209,217	**2,209,217**
Treasury Shares:		
Ordinary Shares	(39,857)	(28,589)
Shares in circulation:		
Ordinary Shares	2,169,350	2,180,618
Management Shares	10	10
Outstanding issued share capital in circulation	**2,169,360**	**2,180,628**

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

15. Notes to the Financial Statements (Continued)
For the year ended 31 December 2020

8. ISSUED SHARE CAPITAL AND SHARE PREMIUM (Continued)

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

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

During the year, no Conversion Shares were in issue, and no Conversion Shares were in issue as at 31 December 2020 and 2019.

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

As at 31 December 2020 and 2019, the following shareholder owned more than 10% of the Company's issued Ordinary Share capital:

	31 December 2020		31 December 2019	
	Number of Ordinary Shares held	% of total Ordinary Shares in issue	Number of Ordinary Shares held	% of total Ordinary Shares in issue
Inter Fund Management S.A.	26,259,515	12.10	19,585,558	8.98
Bill & Melinda Gates Foundation	25,128,192	11.58	25,128,192	11.52

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

	Year ended 31 December 2020		Year ended 31 December 2019	
	Shares	US$	Shares	US$
Balance at the beginning of the year	218,061,888	2,180,618	219,579,878	2,195,798
Repurchase of Ordinary Shares during the year	(1,126,780)	(11,268)	(1,517,990)	(15,180)
Balance at the end of the year	**216,935,108**	**2,169,350**	**218,061,888**	**2,180,618**

Movements in share premium during the year were as follows:

	Year ended 31 December 2020	Year ended 31 December 2029
	US$	US$
Balance at the beginning of the year	548,355,321	556,891,643
Repurchase of Ordinary Shares during the year	(5,868,279)	(8,536,322)
Balance at the end of the year	**542,487,042**	**548,355,321**

15. Notes to the Financial Statements (Continued)
For the year ended 31 December 2020

9. NET ASSET VALUE PER ORDINARY SHARE

The calculation of the NAV per Ordinary Share was based on the net assets attributable to the Ordinary Shareholders of the Company as at 31 December 2020 of US$1,799,691,203 (31 December 2019: US$1,474,618,777) and the number of outstanding Ordinary Shares in issue as at that date of 216,935,108 shares (31 December 2019: 218,061,888 Ordinary Shares).

10. FEES

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

Administration fees

Standard Chartered Bank (the "Administrator") is entitled to receive a fee of 0.048% (2019: 0.048%) of the gross assets per annum, payable monthly in arrears and subject to a minimum monthly fee of US$4,000 per fund. During the year, total administration fees amounted to US$936,822 (2019: US$974,416). As at 31 December 2020, an administration fee of US$95,027 (31 December 2019: US$84,954) was payable to the Administrator.

Custodian fees

Standard Chartered Bank (the "Custodian") is entitled to receive a fee of 0.04% (2019: 0.04%) of the assets under custody per annum, payable monthly in arrears and subject to a minimum monthly fee of US$500 per custody account. In addition, the Custodian is entitled to US$20 per listed transaction and US$10 per scripless securities. During the year, total custodian fees amounted to US$731,557 (2019: US$779,036). There were no custodian fees payable as at 31 December 2020 and 2019.

Directors' fees

During the year, total directors' fees amounted to US$165,000 (2019: US$168,159). There were no directors' fees payable as at 31 December 2020 and 2019. Dominic Scriven O.B.E has permanently waived his rights to receive directors' fees for his services as Director of the Company.

Management fees

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

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

During the year, total management fees amounted to US$27,335,507 (2019: US$28,878,855). As at 31 December 2020, a management fee of US$2,782,125 (31 December 2019: US$2,530,565) remained payable to the Investment Manager.

Audit and related fees

During the year, included in the legal and professional fees of the Company were audit and related fees amounting to US$82,000 (2019: US$82,000) paid to the auditor, KPMG Limited. There were no advisory fees paid to the auditor in 2020 (2019: nil).

11. INCOME TAX

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

15. Notes to the Financial Statements (Continued)
For the year ended 31 December 2020

11. INCOME TAX (Continued)

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

See Note 13(B) for further details.

12. BASIC EARNINGS PER ORDINARY SHARE

The calculation of basic earnings per Ordinary Share for the year was based on the net profit for the year attributable to the Ordinary Shareholders of US$330,951,973 (2019: net profit of US$43,148,311) and the weighted average number of Ordinary Shares outstanding of 217,600,160 shares (2019: 218,807,255 shares) in issue during the year.

(a) Net profit attributable to the Ordinary Shareholders

	Year ended 31 December 2020	Year ended 31 December 2019
	US$	US$
Net profit attributable to the Ordinary Shareholders	330,951,973	43,148,311

(b) Weighted average number of Ordinary Shares

	Year ended 31 December 2020	Year ended 31 December 2019
	Shares	Shares
Issued Ordinary Shares at the beginning of the year	218,061,888	219,579,878
Effect of Ordinary Shares repurchased during the year	(461,728)	(772,623)
Weighted average number of Ordinary Shares	217,600,160	218,807,255

(c) Basic earnings per Ordinary Share

	Year ended 31 December 2020	Year ended 31 December 2019
	US$	US$
Basic earnings per Ordinary Share	1.52	0.20

13. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY

A. Financial risk management

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

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

15. Notes to the Financial Statements (Continued)
For the year ended 31 December 2020

13. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY (Continued)

(a) Credit risk

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

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

As at 31 December 2020 and 2019, the Company's credit risk arose principally from its other receivables, balances due from brokers, cash and cash equivalents and investments in debt securities.

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

	31 December 2020	31 December 2019
	US$	US$
Other receivables (i)	918,374	1,140,194
Balances due from brokers (i)	-	77,290
Cash and cash equivalents (ii)	24,769,597	9,473,320
	25,687,971	**10,690,804**

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

As at 31 December 2020 and 2019, the subsidiaries' credit risk arose principally from the subsidiaries' other receivables, balances due from brokers and cash and cash equivalents.

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

	31 December 2020	31 December 2019
	US$	US$
Other receivables (i)	842,518	1,776,595
Balances due from brokers (i)	-	5,991,507
Cash and cash equivalents (ii)	22,261,057	14,151,289
	23,103,575	**21,919,391**

(i) Other receivables and balances due from brokers

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

No receivables as at 31 December 2020 and 2019 were past due.

15. Notes to the Financial Statements (Continued)
For the year ended 31 December 2020

13. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY (Continued)

(ii) Cash and cash equivalents

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

(b) Liquidity risk

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

As at 31 December 2020 and 2019, all the contractual maturities of non-derivative financial liabilities of the Company and its subsidiaries were payable within a year.

(c) Market risk

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

Equity price risk

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

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

	Change in index level	Effects on net assets	Change in index level	Effects on net assets
	2020	2020	2019	2019
Market Indices	%	US$m	%	US$m
VN Index	51	918.00	16	232.86
VN Index	(51)	(918.00)	(16)	(232.86)

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

Interest rate risk

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

15. Notes to the Financial Statements (Continued)
For the year ended 31 December 2020

13. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY (Continued)

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

	Up to 1 year	1 – 5 years	Non-interest bearing	Total
31 December 2020	**US$**	**US$**	**US$**	**US$**
ASSETS				
Other receivables	-	-	918,374	918,374
Cash and cash equivalents	24,769,597	-	-	24,769,597
TOTAL ASSETS	**24,769,597**	**-**	**918,374**	**25,687,971**
LIABILITIES				
Accounts payable and accruals	-	-	(2,969,152)	(2,969,152)
TOTAL LIABILITIES	**-**	**-**	**(2,969,152)**	**(2,969,152)**
NET INTEREST SENSITIVITY GAP	**24,769,597**	**-**	**N/A**	**N/A**

	Up to 1 year	1 – 5 years	Non-interest bearing	Total
31 December 2019	**US$**	**US$**	**US$**	**US$**
ASSETS				
Other receivables	-	-	1,140,194	1,140,194
Balances due from brokers	-	-	77,290	77,290
Cash and cash equivalents	9,473,320	-	-	9,473,320
TOTAL ASSETS	**9,473,320**	**-**	**1,217,484**	**10,690,804**
LIABILITIES				
Balances due to brokers	-	-	(864,287)	(864,287)
Accounts payable and accruals	-	-	(2,677,519)	(2,677,519)
TOTAL LIABILITIES	**-**	**-**	**(3,541,806)**	**(3,541,806)**
NET INTEREST SENSITIVITY GAP	**9,473,320**	**-**	**N/A**	**N/A**

A change of 100 basis points in interest rates would have increased or decreased the net assets attributable to the Ordinary Shareholders by US$247,696 (31 December 2019: US$94,733). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

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

15. Notes to the Financial Statements (Continued)
For the year ended 31 December 2020

13. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY (Continued)

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

	Up to 1 year	1 – 5 years	Non-interest bearing	Total
31 December 2020	**US$**	**US$**	**US$**	**US$**
ASSETS				
Other receivables	-	-	842,518	842,518
Cash and cash equivalents	22,261,057	-	-	22,261,057
TOTAL ASSETS	**22,261,057**	**-**	**842,518**	**23,103,575**
TOTAL LIABILITIES	**-**	**-**	**-**	**-**
NET INTEREST SENSITIVITY GAP	**22,261,057**	**-**	**N/A**	**N/A**

	Up to 1 year	1 – 5 years	Non-interest bearing	Total
31 December 2019	**US$**	**US$**	**US$**	**US$**
ASSETS				
Other receivables	-	-	1,776,595	1,776,595
Balances due from brokers	-	-	5,991,507	5,991,507
Cash and cash equivalents	14,151,289	-	-	14,151,289
TOTAL ASSETS	**14,151,289**	**-**	**7,768,102**	**21,919,391**
LIABILITIES				
Balances due to brokers	-	-	(764,694)	(764,694)
TOTAL LIABILITIES	**-**	**-**	**(764,694)**	**(764,694)**
NET INTEREST SENSITIVITY GAP	**14,151,289**	**-**	**N/A**	**N/A**

A change of 100 basis points in interest rates would have increased or decreased the net assets attributable to the Company by US$222,611 (31 December 2019: US$141,512). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

15. Notes to the Financial Statements (Continued)
For the year ended 31 December 2020

13. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY (Continued)

Foreign currency risk

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

The table below summarises the exposure of the Company to currency risks as at 31 December 2020 and 2019. Included in the table are the assets and liabilities categorised by their base currency.

31 December 2020 (Denominated in VND)	**US$**
ASSETS	
Financial assets at fair value through profit or loss	769,940,680
Other receivables	918,374
Cash and cash equivalents	22,357,187
TOTAL ASSETS	**793,216,241**
LIABILITIES	**-**
NET CURRENCY POSITION	**793,216,241**

31 December 2019 (Denominated in VND)	**US$**
ASSETS	
Financial assets at fair value through profit or loss	638,021,791
Other receivables	1,140,194
Balances due from brokers	77,290
Cash and cash equivalents	4,525,610
TOTAL ASSETS	**643,764,885**
LIABILITIES	
Balances due to brokers	864,287
TOTAL LIABILITIES	**864,287**
NET CURRENCY POSITION	**642,900,598**

As at 31 December 2020, had the US$ strengthened or weakened by 1% (31 December 2019: 1%) against the VND with all other variables held constant, the net assets attributable to the Ordinary Shareholders would have been decreased or increased by the amounts shown below. This analysis was performed on the same basis as in 2019.

	Denominated in VND
	US$
2020	7,853,626
2019	6,365,352

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

15. Notes to the Financial Statements (Continued)
For the year ended 31 December 2020

13. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY (Continued)

The table below summarises the exposure of the subsidiaries to currency risks as at 31 December 2020 and 2019. Included in the table are the assets and liabilities categorised by their base currency.

31 December 2020 (Denominated in VND)	US$
ASSETS	
Financial assets at fair value through profit or loss	983,928,129
Other receivables	842,518
Cash and cash equivalents	22,260,850
TOTAL ASSETS	1,007,031,497
LIABILITIES	-
NET CURRENCY POSITION	1,007,031,497

31 December 2019 (Denominated in VND)	US$
ASSETS	
Financial assets at fair value through profit or loss	808,293,291
Other receivables	1,776,595
Balances due from brokers	5,991,507
Cash and cash equivalents	14,151,106
TOTAL ASSETS	830,212,499
LIABILITIES	
Balances due to brokers	764,694
TOTAL LIABILITIES	764,694
NET CURRENCY POSITION	829,447,805

As at 31 December 2020, had the US$ strengthened or weakened by 1% (31 December 2019: 1%) against VND with all other variables held constant, the net assets attributable to the Company would have been decreased or increased by the amounts shown below. This analysis was performed on the same basis as in 2019.

	Denominated in VND
	US$
2020	9,970,609
2019	8,212,355

15. Notes to the Financial Statements (Continued)
For the year ended 31 December 2020

13. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY (Continued)

(d) Fair values of financial assets and liabilities

(i) Valuation model

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

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

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

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

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

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

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

As at 31 December 2020	Level 1	Level 2	Level 3	Total
	US$	US$	US$	US$
Financial assets at fair value through profit or loss				
• Listed investments	769,940,680	-	-	769,940,680
• Investments in subsidiaries	-	-	1,007,031,704	1,007,031,704
	769,940,680	**-**	**1,007,031,704**	**1,776,972,384**

As at 31 December 2019	Level 1	Level 2	Level 3	Total
	US$	US$	US$	US$
Financial assets at fair value through profit or loss				
• Listed investments	635,454,092	-	-	635,454,092
• Unlisted investments	-	2,567,699	-	2,567,699
• Investments in subsidiaries	-	-	829,447,988	829,447,988
	635,454,092	**2,567,699**	**829,447,988**	**1,467,469,779**

15. Notes to the Financial Statements (Continued)
For the year ended 31 December 2020

13. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY (Continued)

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

	Level 1		Level 2		Level 3	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
	US$	**US$**	**US$**	**US$**	**US$**	**US$**
Opening balance	635,454,092	603,385,614	2,567,699	4,063,376	829,447,988	865,302,796
Purchases	237,276,984	137,231,895	4,396,823	-	-	-
Sales	(208,057,811)	(121,429,871)	(9,108,507)	-	-	(6,437,078)
Net cash flow from subsidiaries	-	-	-	-	(61,403,645)	(69,908,995)
Unrealised gains/(losses) recognised in profit or loss	105,267,415	16,266,454	2,143,985	(1,495,677)	238,987,361	40,491,265
Closing balance	769,940,680	635,454,092	-	2,567,699	1,007,031,704	829,447,988
Total unrealised gains/(losses) for the year included in net changes in fair value of financial assets at fair value through profit or loss	105,267,415	16,266,454	2,143,985	(1,495,677)	238,987,361	40,491,265

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

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

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

As at 31 December 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
	US$	**US$**	**US$**	**US$**
Financial assets at fair value through profit or loss				
• Listed investments	806,612,733	-	-	806,612,733
• Unlisted investments	-	1,680,558	-	1,680,558
	806,612,733	**1,680,558**	**-**	**808,293,291**

15. Notes to the Financial Statements (Continued)
For the year ended 31 December 2020

13. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY (Continued)

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

	Level 1		Level 2		Level 3	
	2020	2019	2020	2019	2020	2019
	US$	US$	US$	US$	US$	US$
Opening balance	806,612,733	793,117,240	1,680,558	54,977,121	-	-
Transfer from level 2 to level 1	-	52,317,641	-	(52,317,641)	-	-
Purchases	283,071,136	102,170,069	-	-	-	-
Sales	(269,226,667)	(122,935,687)	(3,083,798)	-	-	-
Unrealised gains/(losses)	163,470,927	(18,056,530)	1,403,240	(978,922)	-	-
Closing balance	983,928,129	806,612,733	-	1,680,558	-	-
Total unrealised gains/(losses) included in net changes in fair value of financial assets at fair value through profit or loss	163,470,927	(18,056,530)	1,403,240	(978,922)	-	-

(e) Classification of financial assets and financial liabilities

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

	Designated at fair value	Amortised cost	Total carrying amount
31 December 2020	**US$**	**US$**	**US$**
ASSETS			
Financial assets at fair value through profit or loss	1,776,972,384	-	1,776,972,384
Other receivables	-	918,374	918,374
Cash and cash equivalents	-	24,769,597	24,769,597
	1,776,972,384	**25,687,971**	**1,802,660,355**
LIABILITIES			
Accounts payable and accruals	-	2,969,152	2,969,152
	-	**2,969,152**	**2,969,152**

15. Notes to the Financial Statements (Continued)
For the year ended 31 December 2020

13. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY (Continued)

	Designated at fair value	Amortised cost	Total carrying amount
31 December 2019	**US$**	**US$**	**US$**
ASSETS			
Financial assets at fair value through profit or loss	1,467,469,779	-	1,467,469,779
Balances due from brokers	-	77,290	77,290
Other receivables	-	1,140,194	1,140,194
Cash and cash equivalents	-	9,473,320	9,473,320
	1,467,469,779	**10,690,804**	**1,478,160,583**
LIABILITIES			
Balances due to brokers	-	864,287	864,287
Accounts payable and accruals	-	2,677,519	2,677,519
	-	**3,541,806**	**3,541,806**

(f) Capital management

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

B. Uncertainty

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

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

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

14. SUBSEQUENT EVENTS

(i) Change in management fee

With effect from 1 July 2021, the management fee will be amended to 1.85% per annum of NAV for the first US$1.25 billion of the Company's NAV, reducing to 1.65% per annum for NAV between US$1.25 billion and US$1.5 billion and further reducing to 1.50% per annum for NAV above US$1.5 billion. The Investment Manager is not entitled to a performance fee.

15. Notes to the Financial Statements (Continued)
For the year ended 31 December 2020

14. SUBSEQUENT EVENTS (Continued)

(ii) Change in Investment Manager

With effect from 1 April 2021, the Investment Manager of the Company was changed to Dragon Capital Management (HK) Limited following the deed of assignment which was made between Enterprise Investment Management Limited and Dragon Capital Management (HK) Limited on 31 March 2021.

Both companies are part of the Dragon Capital group, and the terms of appointment, including the fees to be charged by the new Investment Manager are the same as those that applied to the previous Investment Manager.

The Dragon Capital group has been involved in managing investment funds focused on Vietnam and the Indochina region since 1994. The new Investment Manager was incorporated in Hong Kong on 21 March 2007. It is regulated by the Securities and Futures Commission in Hong Kong.

15. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 28 April 2021.

16. Corporate Information

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Company Secretary

Maples Secretaries (Cayman) Limited

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Cayman Islands

Administrator and Offshore Custodian

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Vietnam Custodian

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Registrar

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17. Investor Information

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