DRAGON
CAPITAL

VIETNAM ENTERPRISE INVESTMENTS LIMITED

Annual Report 2014

CONTENTS

CHAIRMAN'S STATEMENT

Dear Shareholders

2014 has been a good year for VEIL within the context of strong and improving macroeconomic conditions in Vietnam. The net asset value per Redeemable Share for Vietnam Enterprise Investments Limited ("VEIL") rose by 10.8% in 2014 compared to a return of 10.9% for the Vietnam Index ("VN Index") in US dollar terms. Although VEIL's performance was in line with the VN Index for the twelve month period, there were times during the year when it underperformed owing to its lower exposure to the oil and gas sector. It should be noted that a number of listed oil and gas companies, particularly PetroVietnam Gas Corporation, have a small free float resulting in a mismatch between the number of shares available to the market and the weighting in the VN Index. The longer term performance of VEIL is worth mentioning, given that it achieved a return of 36.0% over the five years ending December 2014 compared to a rise of only 15.6% for the VN Index, both in US dollar terms. This can be attributed to the Manager's continued focus on well managed, soundly financed companies that continue to benefit from the long term development of the Vietnamese economy.

Improvements in the economy provided a significant support for the Country's equity markets in 2014. Growth in GDP expanded to 6%, even though inflation fell to a record low of 2%, as measured by the CPI. The local currency remained stable against the US dollar while foreign exchange reserves reached an all-time high of US$37bn. In addition, Vietnam continued to attract foreign direct investment particularly from Japan and South Korea. The ongoing investment in the Country's manufacturing sector has provided support to its exports which expanded 14% over the year. The local property market displayed signs of recovery assisted by low interest rates. There was also a rise in the number of property transactions which enabled the banks to dispose of the collateral relating to their non-performing loans.

Despite the positive economic backdrop, Vietnam's equity markets experienced two significant corrections during the year. The first related to its territorial disputes with China and the second was caused by the sharp fall in the oil price. During these volatile periods VEIL's share price fell more than its net asset value, resulting in a discount widening to more than 20%. In order to manage this discount, VEIL repurchased its shares to a value of US$9.5m. As at the end of December 2014 the discount was 17.1% compared to 19.5% as at the end of the 2013. The repurchased shares have not been cancelled and remain available for resale at a future date.

There have been some changes to VEIL's Board of Directors. I have been appointed as Chairman, following the decision of Mr. Hartmut Gieseck not to stand for re-election at the Annual General Meeting on 20 November 2013. In addition Gordon Lawson and Susie Rippingall were appointed Directors of VEIL on 8 July 2014. Further information on the Directors can be found on page 54 of this Report.

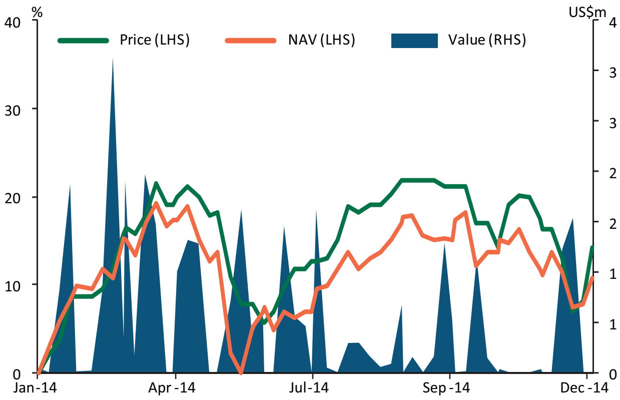
The outlook for Vietnam's economy and equity markets remains positive. Economic growth should continue to expand given the low interest rate environment, sustained foreign direct investment and recovery in the banking and property sectors. The Trans-Pacific Partnership and the European Free-Trade Agreement should also have a positive impact on the economy. Further reforms, such as an increase in foreign ownership or introduction of non-voting depository receipts would also be beneficial to the Country's equity markets. A key risk remains the currency which is expected to depreciate modestly against the US dollar. Equity valuations remain attractive and corporate earnings are expected to expand by 10% over average in 2015, with higher growth likely to be achieved by the smaller to medium sized companies exposed the banking, consumer and property sectors.

Finally, I would like to thank all shareholders for their support to date and for their continued trust in the Board and the Investment Manager. The investment manager deserves credit for steering VEIL through an occasionally quite challenging local environment.

Wolfgang Bertelsmeier
Chairman
Vietnam Enterprise Investments Limited
13 April 2015

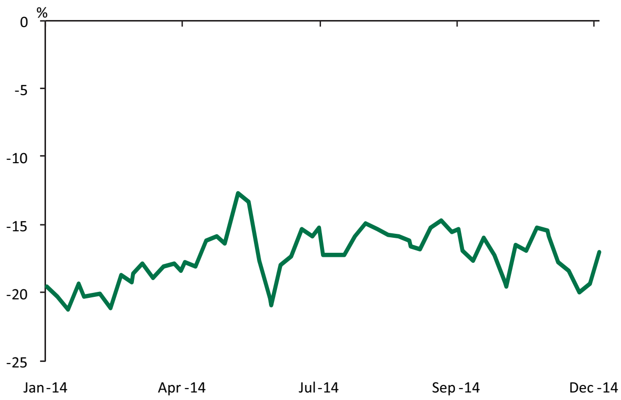
SUMMARY OF KEY FINANCIAL INFORMATION

SHARE PRICE & NAV



Source: Dragon Capital

DISCOUNT TO NAV



Source: Dragon Capital

	31 December 2014	31 December 2013
Total net assets (US$)	512,962,363	473,537,549
Number of outstanding shares	150,910,053	154,294,023
NAV per Redeemable Share (US$)	3.40	3.07
Share price (mid-price) (US$)	2.82	2.47
Discount (%)	17.1	19.5
US$/VND exchange rate	21,388	21,105

Performance (%)	Year to 31 December 2014	Year to 31 December 2013
NAV returns	10.8	29.0
Share price returns	14.2	29.3
VN Index (price return - VND terms)	8.1	22.0
VN Index (total return - US$ terms) Source: Bloomberg*	10.9	25.5

*For the period 31 December 2013 to 31 December 2014

Period's High and Low (US$)	Year to 31 December 2014		Year to 31 December 2013	
	High	Low	High	Low
NAV per share	3.66	3.07	3.08	2.39
Share price (mid-price)	3.01	2.47	2.47	1.91

Source of Income (US$)	Year to 31 December 2014	Year to 31 December 2013
Bank interest income	146,247	75,802
Bond interest income	4,099	-
Dividend income	15,867,662	17,029,889
Net changes in fair value of financial assets at fair value through profit or loss	4,754,730	57,709,045
Gains on disposals of investments	39,404,531	39,486,112
Other income	674,177	365,342
Total	60,851,446	114,666,190

INVESTMENT MANAGER'S REPORT
Economy

AFTER THE PAIN COMES THE GAIN

GDP grew 6% in 2014, the highest pace since 2011. A new cycle of economic growth was confirmed by an onslaught of positive indicators. These included: recovery of the property market, strong external accounts, robust industrial production, accelerating retail sales, a steady uptrend in PMI figures, greater credit expansion, improved bank balance sheets, and significant progress in financial-sector overhaul. Vietnam's prolonged restructuring is finally paying off.

Not only has economic growth recovered but it has also become more balanced with the improvement in domestic demand. Given the sustained growth in exports, GDP is expected to grow towards 7% over the next two to three years. The outlook has been enhanced by laws that revamp the commercial code, including the rules for foreign property ownership. This gives added legal support to the reform process. In addition, Vietnam is expected to be a net beneficiary of the lower oil price as consumers benefit from the lower fuel costs.

ECONOMIC GROWTH: 2015 LOOKS BRIGHT

GDP pumped by domestic sector

Vietnam posted strong GDP growth of 7.0% in the fourth quarter of 2014, resulting in growth of 6.0% for the full year which beat the Government's more modest target of 5.8%. This gratifying outcome was driven by a much-improved domestic economy, as industry and construction expanded by 7.1%.

Of particular note was the Industrial Production Index which grew at its fastest rate since 2009, at 7.6%, while the Manufacturing PMI, at 52.7, posted its 16th consecutive month above 50. Retail sales rose 6.3%, mainly due to strong demand for non-staple products. The improvement in consumer confidence was also reflected in a doubling of apartment sales in both Hanoi and Ho Chi Minh CIty. Business confidence, as measured by the EuroCham Index, surged to its highest level since the middle of 2010, fuelled by expectations for the EU-Vietnam Free Trade Agreement ("FTA").

FDI, liberalisation will fuel manufacturing growth

Vietnam is now one of the largest electronics exporter in the world, ranked #12 in 2013 up from #36 in 2009. Samsung estimates 40% of its smart phones will be produced in Vietnam by 2015 and Intel predicts that up to 80% of its computer chips will be manufactured there over the medium term. Following its purchase of Nokia's handset business, Microsoft moved its manufacturing from China and India to Vietnam. We expect electronic exports to increase significantly from 2016 when many major plants start production.

Furthermore, the FTA with the EU and Trans-Pacific Partnership ("TPP") will support textile and garment manufacturing as this category tops Vietnam's exports to all the countries involved in these trade agreements.

Infrastructure much improved in the last 18 months

Labour-intensive manufacturers are drawn to Vietnam owing to its low labour costs and access to the global supply chain. They also require decent infrastructure such as logistics and stable power supply. In 2013-14, the Government put great emphasis on alleviating bottlenecks which had negatively affected key infrastructure requirements as well as liberalising those sectors in need of investment.

Infrastructure projects have benefitted from becoming more strategic and demand-oriented than before. For example, expansion of the Noi Bai Airport has supported the investments in manufacturing capacity made by Samsung, LG and other manufacturing exporters in the north of Vietnam over the past few years.

Growth likely to outperform the Government target

We expect FY2015 growth to surprise on the upside, fueled by low interest rates, recovery of the banking sector, stronger domestic demand, lower oil prices and a pick-up in export manufacturing. The EU-Vietnam FTA, when ratified in the first half of 2015, should provide a positive impetus to FDI, exports and consumer confidence. We, therefore, forecast economic growth to exceed 7% in the second half of 2015 but expect GDP growth for the entire year to reach 6.5% compared to the Government's 6.2% target.

INVESTMENT MANAGER'S REPORT (CONTINUED)

Economy

EXTERNAL ACCOUNTS: IN STRONG SHAPE

Trade balance expected to remain solid

The trade balance achieved a US$1.9bn surplus in 2014, the highest in 20 years. Although overall export growth slowed, owing to the decline in oil, coal and rubber prices, this was partially offset by sustained growth in Vietnam's labour intensive manufacturing exports, such as garments and textiles and footwear which rose by 16% and 22% respectively. Electronics exports expanded by only 13%, although this was a normalisation from the high growth 57% achieved in 2013. Given significant FDI in 2014, electronics exports should continue to grow over the medium term.

Another positive is the recovery of the domestic export sector - defined as non-FDI related companies - which accounted for 35% of total exports. Sales for this sector grew by 10.5% in 2014 compared to 1-3% in 2011-13.

Meanwhile, import growth slowed in 2014 due to lower commodity prices and less dependence on imported materials.

It should be noted that given the imported capital required for FDI in 2013-14, and the recovery of the domestic sector, the trade balance may record a deficit of around US$5bn in 2015.

FX reserves: steady climb brings stable currency

More recently the capital account has not been a problem for Vietnam as its exposure to portfolio investment flows has been limited mostly to closed-end funds, with the bond market being relatively insignificant. Given strong remittance inflows coupled with robust FDI disbursement, positive inflows in FII and a managed FX regime, the State Bank of Vietnam ("SBV") has succeeded in accumulating FX reserves and strengthening its external position.

FX reserves reached an estimated US$37bn in 2014, five times higher than the trough in 2010. By the end of 2015, FX reserves could rise to US$44bn. However, given the expected strengthening of the dollar in 2015, its likely that the SBV will manage a modest adjustment to the VND:US$ rate, of about 2-3%, in order to maintain export competitiveness.

MONETARY POLICY: ACCOMMODATIVE

Inflation stable at low level

Headline inflation came in at 1.9% in 2014 and has been trending lower. A number of factors are contributing to the slowdown in inflation: the drop in the oil price; reduced impact from the liberalization of the health care and education prices, which was abnormally high in 2012-13, as well as stable food prices.

With Vietnam's economic growth being below its potential trend, we do not see a significant risk of inflation from monetary policy expansion. As such, Vietnam's economy is likely to experience a low inflationary environment for the next few years. In this context, we forecast 2015 inflation at 2.5-3.5%.

Monetary policy continues to ease

The easing of inflation in the last 12 months has provided the SBV with the room to further ease monetary policy. During 2014, the SBV cut its deposit rate cap on VND by 150bps to 5.5%. As a result, one-month deposit rates fell 180bps from 6.8% at the end of 2013 to 5% at the end of 2014. Average lending rates dropped from 13.6% at the end of 2013 to about 9.7% at the end of 2014.

As lending rates have become more reasonable and the domestic sector has started to recover, total credit in the economy is estimated to have grown by 14% in 2014 compared to 12.6% in 2013. For 2015, the Government is targeting 13-15% credit growth, slightly higher than 2014's plan of 12-14%. We believe that credit growth can reach 15-17% in 2015 given ample liquidity in the banking sector and pickup in economic activity.

OIL PRICE: IMPACT

Impact on budget

There were concerns that the fall in oil prices would result in a shortfall in Government's tax revenue this year, given that oil accounts for 11.5% of total revenues. For every US$1 drop in the oil price, tax revenue falls by approximately VND1trn (or US$47m). Assuming an average oil price in 2015 of US$55, tax revenue from oil will be VND40trn (or US$1.9bn) below estimates. However, the Government has increased the petroleum tax to 35% which should contribute an additional US$1.2bn in revenues, resulting in a more modest net impact to the budget of around US$0.7bn.

And even that shortfall is likely to be offset by higher collections on personal income tax, corporate income tax, and value added tax as the domestic economy picks up. Revenue from privatisation is expected to rise as well. In summary, the negative impact form the lower oil price is expected to be modest and the 2015 fiscal deficit is forecast at only 5.3% of GDP.

INVESTMENT MANAGER'S REPORT (CONTINUED)

Economy

OIL PRICE: IMPACT (CONTINUED)

Impact on economy

Generally, we think that a lower oil price will impact tax revenue modestly but indirectly benefit Vietnam much more. This is because Vietnam has gone from being a net oil exporter in 2007 to being a net importer of oil-related products.

In 2013, according to the US Energy Information Administration, Vietnam produced around 353,700 bbl/d and consumed 413,000 bbl/d in oil-related products. The lower oil price, even with the tax increase, has the economic impact of a US$2.6bn tax cut for consumers.

In addition, the fall in the price for other commodities prices may also have a positive impact on Vietnam. For example, the country used to be a large coal exporter but started importing in 2014. To feed demand from its thermal factories, it plans to import 3-4 million MT of coal in 2016. Therefore, lower coal and gas prices should also be beneficial to those sectors dependent on them as inputs such as thermal power plants, cement and steel producers.

NEW LAWS

There have been changes in several laws that should have a highly favourable impact on business in Vietnam:

- The Law on State Capital Investment assigns accountability for failure and success of State projects to individual managers and officials;
- The Law on Enterprises and the Law on Investments previously operated on the principle that everything which is not expressly allowed is forbidden. Now, everything which is not forbidden is allowed. Based on this principle, the taxi company Uber, for example, can legally operate in Vietnam; and
- The Law on Residential Housing opens up the property market for foreigners, as described below.

PROPERTY MARKET: MAJOR CHANGES

Market consolidation

The consolidation of the property market is further supported by the new Law on Residential Housing. There is a strong consolidation trend toward big players with outstanding financial and execution capabilities. This trend has benefitted the market as follows:

- Buyers' sentiment and confidence have improved resulting in higher demand; and
- Market consolidation means that the larger operators are better equipped to manage supply.

The new Property Business Law passed by the National Assembly in December 2014 further supports market development by requiring a minimum charter capital of VND20bn (or US$952,000), as compared to the previous minimum requirement of VND6bn (or US$285,000). This adjustment is the first step in identifying and sorting out financially capable investors in this sector, making the sector less fragmented.

The new law also introduced many new measures to protect buyers. The most important of these relates to the requirement of a bank refund guarantee from an approved list of credit institutions. This means that the developers' will be able to refund advance payments received from its buyers in the event that they fail to deliver the products to the customer as committed. Such measures should enhance buyers' confidence significantly.

Foreign participation

In another attempt to boost the real estate market and accelerate economic growth, the National Assembly passed a law to allow foreign ownership of properties, effective from 1 July 2015.

As developers have become increasingly attentive to actual demand, they are now pricing products at more reasonable levels. Demand from foreigners will definitely support the sector in the medium to long-term.

Relaxing the laws on foreign ownership of housing will not only increase market liquidity but will also project an image of the economy opening up to foreign capital. However, given the incoming supply is considerable, this relaxation of restrictions is expected to have a limited impact on prices in the short term.

INVESTMENT MANAGER'S REPORT (CONTINUED)

Economy

BANKING SECTOR UPDATE

The SBV released Circular 36, effective from 1 February 2015, on prudential ratios for banks.

Circular 36 shows the SBV's efforts to raise safety and transparency standards for banks, and to strengthen their corporate governance and accelerate their restructuring. But the Circular also relaxes some regulations on liquidity and lending activities to stimulate credit growth. Notable provisions of the Circular are:

- The Circular stringently tightens cross-ownership restrictions, which should enhance the reliability of the reported Capital Adequacy Ratios ("CAR") of the system. Credit institutions are now allowed to hold stakes in a maximum of two other credit institutions, with less than 5% in each;
- The Circular restricts lending to an entity or group of entities which have effective controlling power over the operation of a credit institution. The ultimate goal is to reduce non performing loans ("NPLs") arising from loans offered to these related parties;
- The Circular limits cash flows from the banking sector into stock and government bond markets. Accordingly, total securities lending of a bank must not exceed 5% of its charter capital, down from the previous threshold of 20%. It also sets limits for the ratio of total investment in government bonds to short term capital; and
- At the same time, the SBV has relaxed regulations in a few areas to enhance credit growth. The risk weight of securities trading and real estate lending in calculating CAR has been lowered from 250% to 150%, encouraging banks to offer more loans to these sectors. The Circular also relaxes the limit of percentage of short term capital used for mid- and long-term lending from 30% to 60%.

SUMMARY AND CONCLUSION

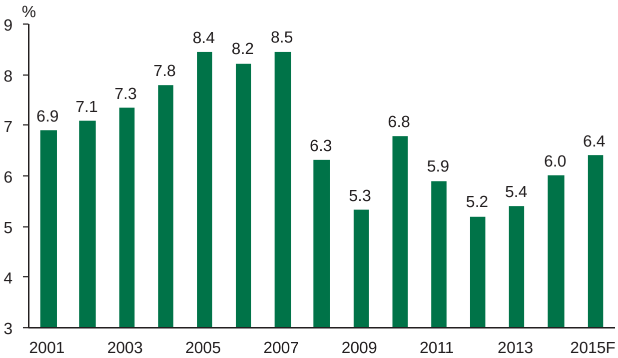
Vietnam's prolonged restructuring is finally paying off. This can be seen in the pattern of multi-year highs in most domestic economic indicators, with the result that GDP growth is not only rising to new levels but has become more balanced and sustainable. In conclusion, the outlook for Vietnam's economy is positive and should remain so for the medium term.

INVESTMENT MANAGER'S REPORT (CONTINUED)

Economy

REAL GDP GROWTH

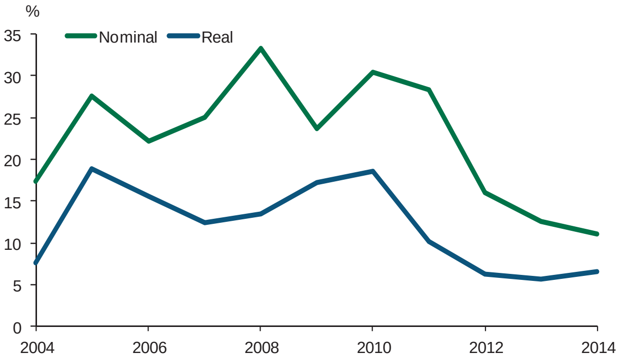
Vietnam posted GDP growth of 7.0% for the fourth quarter of 2014, compared to 6.1% in the third quarter of 2014 and 5.3% in the second quarter of 2014. The full-year expansion was 6.0%, higher than the planned 5.8% and the growth of 5.4% in 2013. The strong growth was fueled mainly by the expansion of the industry and construction sector which grew 7.1% in 2014 versus 5.4% in 2013. Agriculture, accounting for 18.0% of GDP, improved quite significantly from 2.6% in 2013 to 3.5% in 2014 thanks to the recovery of fishery and shrimp exports. In 2015, we expect GDP to accelerate to 6.4-6.5%, surpassing the Government target of 6.2%, led by higher capital spending on infrastructure, and improved business and consumer confidence.



Source: General Statistics Office ("GSO")

RETAIL SALES

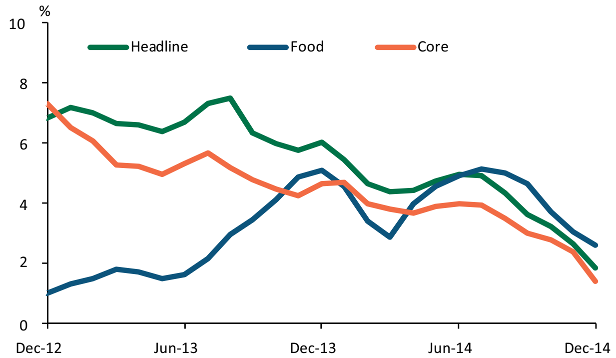
Retail sales grew 10.6% in 2014, decelerating from 12.6% in 2013, mainly due to lower price increases. Adjusted for inflation, retail sales grew a mere 6.3%, higher than the 5.6% growth during the same period in the previous year. Improving economic growth, wage increases and higher employment helped boost consumer confidence and consumption in 2014. We think the trend will become stronger in 2015 in line with accelerating economic growth.



Source: GSO

INFLATION

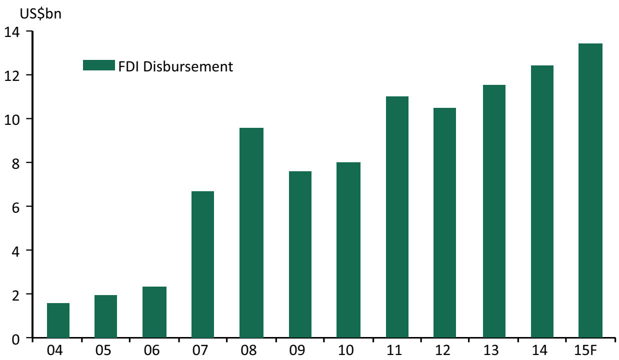
Given the drop in global commodity prices and stable food prices, inflation continued to trend lower, from 6.0% in 2013 to 1.9% in 2014. With much smaller adjustments versus 2013, healthcare and education prices decelerated sharply to 2.3% and 8.3% respectively. In our estimation, core CPI y/y would have been 1.4%, down from 4.3% in 2013. Given the collapse in oil prices in the fourth quarter of 2014 and modest credit growth in 2015, we forecast inflation will remain well below 3.5% for the entire year, allowing room to lower lending rates 100-150bps further in 2015 from the level of 9-11% at the end of 2014.



Source: GSO, Dragon Capital

FOREIGN DIRECT INVESTMENT

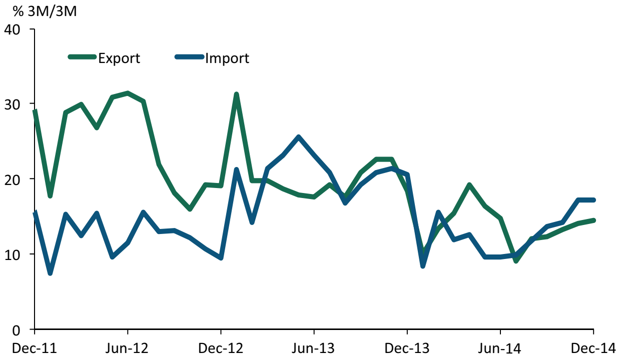
Registered FDI grew 9.6% to US$15.6bn in 2014. Disbursement reached US$11.5bn, or 7.4%. The key drivers were Phase 2 investment of US$3bn from Samsung Electronics, US$1.4bn from Samsung's CE Complex and US$1.2bn from Dewan International in Nha Trang. Vietnam has emerged as a significant electronic exporter in the world, ranked #12 in 2013, a huge jump from #36 in 2009. We think FDI disbursement will likely grow well in 2015 given the strong registered FDI inflow, improving infrastructure development in years to come and a shift from other countries like China, Thailand, India, etc.



Source: GSO, Dragon Capital

EXPORT AND IMPORT

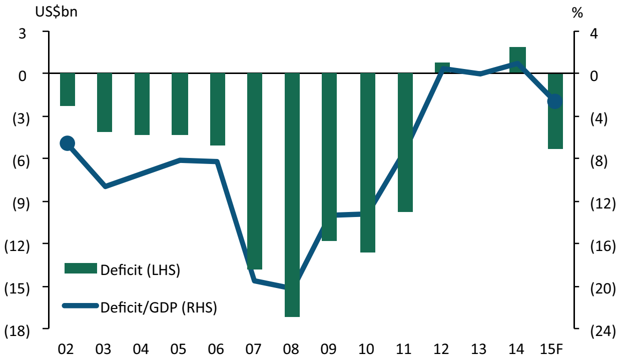
Export growth slowed from 15.4% in 2013 to 13.7% in 2014 mainly due to lower commodity exports while manufacturing exports also slowed to 14.2% y/y partly due to the normalised electronic export growth of 13% compared to 70% in 2013. This is much higher than most of Vietnam's peers, such as China, Thailand, Indonesia, India or the Philippines. Import growth in 2014 was 12.1%, lower than the 14.1% growth in 2013, but this does not indicate slowing demand in our opinion but rather a decline in commodity prices and less dependence on imported materials.



Source: Customs, International Financial Statistics ("IFS"), Dragon Capital

TRADE DEFICIT

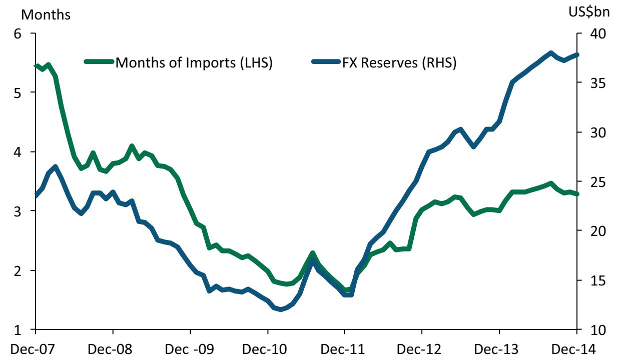
The trade balance posted a surplus of US$1.9bn in 2014, up slightly versus 2013. In 2015, Vietnam is going to enjoy the benefit of lower oil prices and the recovery of the US which is its largest export market, whilst the largest import market, China, is weakening. Given a large amount of invested FDI capital in 2014, there is a high possibility of large imports of capital in 2015 whilst production from this capital may not happen until 2016. These dynamic factors make it hard to estimate export and import growth in 2015. However, we forecast a US$5bn trade deficit for 2015.



Source: GSO, IFS, Dragon Capital

FOREIGN CURRENCY RESERVES

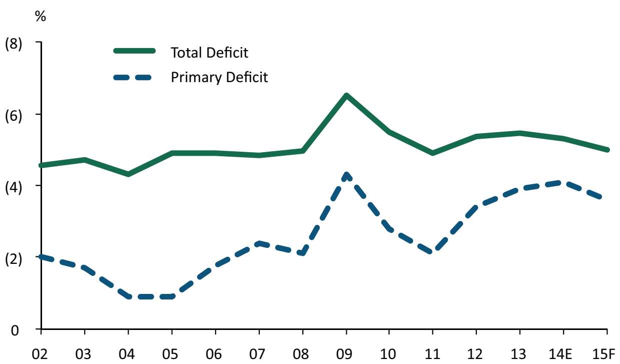
The capital account has not been a problem for Vietnam to date as its exposure to portfolio flows has been mostly limited to closed-end funds, with the bond market being relatively insignificant. Given strong remittance inflows coupled with robust FDI disbursement, positive inflows in FII and a managed FX regime, the SBV has succeeded in accumulating FX reserves and strengthening its external position. FX reserves reached an estimated US$37bn in 2014, five times higher than the trough in 2010. By the end of 2015 FX reserves may reach US$44bn. However, given the expected strengthening of the dollar in 2015, we expect the SBV to adjust the VND:US$ rate by 2-3% in 2015.



Source: IFS, Dragon Capital

FISCAL BALANCE

Vietnam's 2014 budget deficit is estimated at VND173trn. Revenues were up 7.0% y/y and reached VND846trn or 108% of the full-year target despite a lower corporate tax rate versus 2013 (22% vs. 25%). Expenditures came in at VND1trn (up 9.5% y/y), or 7% higher than the full-year target. Including VND50.6trn in debt repayment, the budget deficit was VND224trn, or 5.3% of GDP. Given accelerating economic growth and better revenue collection, the Government is aiming for a budget deficit target of 5% for 2015. In the Government's plan, revenue collection is expected to increase by 7.7% in 2015, which is conservative in our view. Despite lower oil prices, the Government budget revenue for the first two months of 2015 was still reported strong at VND59.3trn, or +17.3 % y/y. We believe that revenue collection will exceed the target and any excess will be used to stimulate economic growth rather than for lowering the budget deficit.



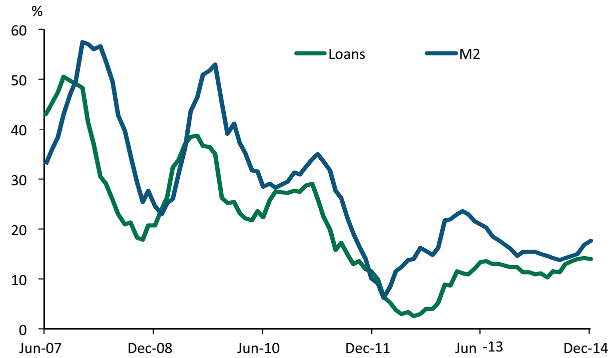
Source: MOF, International Monetary Fund ("IMF"), Dragon Capital

INVESTMENT MANAGER'S REPORT (CONTINUED)

Economy

CREDIT GROWTH

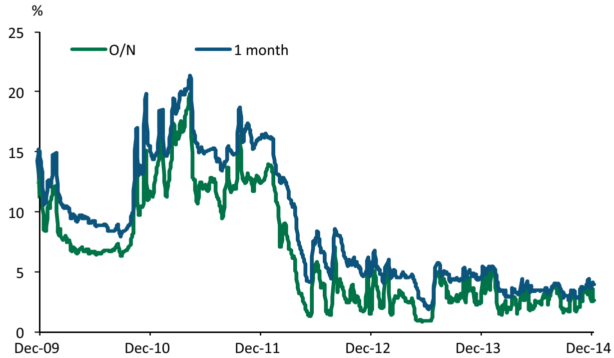
According to the Government, credit growth was 14.2% in 2014, higher than the 12.6% reported in 2013. The real improvement should be higher as the 2013 figures were somewhat inflated during the last month of 2013 as some banks pumped up the reported total outstanding credit so they can announce stronger results. In the first two months of 2015, credit growth was also stronger than normal. According to the SBV, total credit growth was 0.7% in the first two months of 2015, much higher than in the same period of last year of –1.7%. In 2015, given expected stronger economic growth and a recovering property market, we expect credit growth of 15-17%.



Source: GSO, Dragon Capital

BANK LIQUIDITY

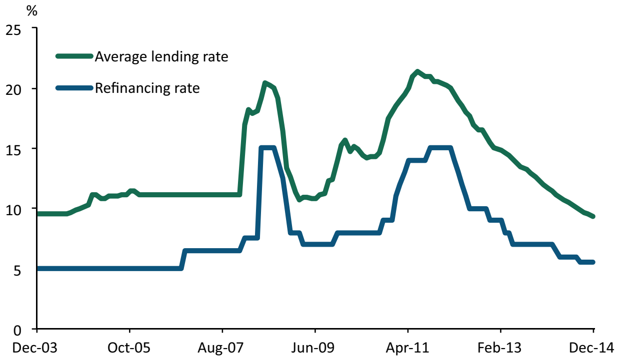
Banking system liquidity remained excessive across 2014 as total deposit growth was much higher than total credit (18.3% vs. 14.2%) and as NPLs were controlled better. This was reflected in low interbank rates throughout the year: overnight (O/N) rates below 3%, and the 1-month-3-month rate below 4.5%. As we forecast inflation to remain less than 3-4% y/y, well below the 6% target of the government, the SBV will likely keep supporting banking system liquidity.



Source: SBV, Dragon Capital

MONETARY POLICY

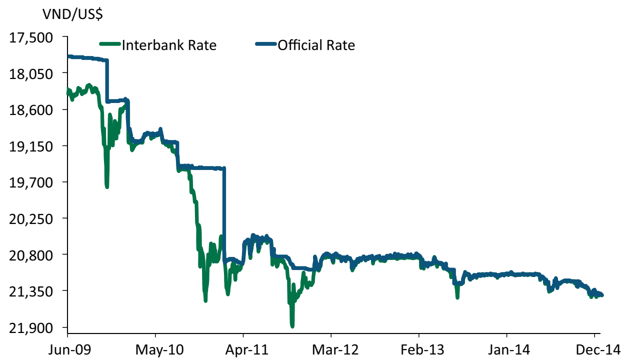
Monetary policy was accommodative throughout 2014. After the first rate cut in March, the SBV reduced the VND ceiling rate for 1-month-6-month from 6% to 5.5% in October. In addition, the SBV also cut the short-term lending interest rates in VND from 8% to 7% per year. The US$ deposit rates were slashed, from 1% to 0.75% per year. By the end of 2014, lending rates had dropped to 9-11% on average, similar to the level before 2007 though now inflation is much lower. In 2015 we expect monetary policy to continue to be accommodating, in line with our expectation of less than 3-4% inflation and stable currency in 2015.



Source: SBV, IFS, Dragon Capital

THE LOCAL CURRENCY

In 2014, the VND eased 1.3% against the US$ on the interbank market, in line with our expectation. In December 2014, the SBV Governor said the central bank would keep exchange rate adjustments within 2% in 2015. At the beginning of January 2015, the SBV adjusted the US$/VND reference rate down by 1% from VND21,246 per US$ to VND21,458 given the recent weakening of regional currencies against the US$. Peer currencies depreciated 2-10% since September 2014 as the US$ gained strength. We do not see this adjustment as a sign of stress but rather as a good move to maintain macro stability and keep export competitiveness. We continue to expect Vietnam to deliver a current account surplus of approximately US$5-7bn in 2015. In addition, the 4% gap of VND deposit rates over the US$ will continue support the VND. So we expect the VND to depreciate 2-3% in 2015.



Source: SBV, Dragon Capital

INVESTMENT MANAGER'S REPORT (CONTINUED)

Stock Market

MARKET PERFORMANCE

The VN Index achieved a third consecutive year of gains, rising by 11% in 2014. Foreign investors remained net buyers in 2014 albeit at modest level when compared to the overall capitalisation of Ho Chi Minh Stock Exchange (HOSE). Average daily turnover rose to a healthy US$88m per day, double that of 2013 (US$44m per day), well surpassing the last peak equity period of 2007 (US$48m per day).

A tales of two rises and falls

2014 was a year of ups and downs characterised by two rallies and two events that halted those rallies. The year began with a strong rally on anticipation of further improvement in the economy; the party was then spoiled by the placement of a Chinese oil rig in Vietnamese territorial waters. The event raised concerns over geopolitical risk that were further exacerbated by news of anti-China protests in industrial parks in the south of Vietnam and a riot at Formosa's steel plant in Ha Tinh province. Negative sentiment from this event caused a broad selloff in the market, dropping the VN Index by 15% from its peak to a low of 513 in May.

The market gradually recovered on an effective response from the Government and sentiment picked up as the macro outlook improved. The VN Index breached the psychological resistance level of 600 points again, briefly peaking at a 2014 high of 640 before consolidating at the 600-615 level. The star of 2014's second rally was the oil and gas related services sector which, at its peak, accounted for 25% of Vietnam stock market capitalisation. The stellar performance followed news regarding potential multi-billion dollar investments in the sector. The optimism in the oil and gas sector, alas, was short-lived as international oil prices plummeted. All Petro Vietnam-stocks fell over 40% from their highs in just a few months with investors becoming increasingly concerned about the outlook for the sector. Dragged down by the oil and gas sector and amplified by margin calls, the VN Index fell heavily for the second time in the year, dropping some 15% (from its consolidating level around 615) to a low of 518 before recouping some of its losses before the end of the year to close at 545.

Sector rotation

Amid the rise and fall of the oil and gas sector, the banking sector stood out in the last quarter of 2014, gaining 6% (and 8% for the FY2014) led by Vietcombank, which rose 21% in that quarter alone. The resurgence in the banking sector late in the year and well into early 2015 is another indicator that the worst is perhaps over for bank stocks.

Another sector that appears to have passed the worst is real estate, which posted an 11% gain in 2014. The sector's rally reflected better liquidity in, and the recovery of, the property market. The recovery was also supported by a few banks expressing strong interest in providing more credit to both developers and buyers.

EQUITY OUTLOOK

Bolstered earnings and cheap valuation to further boost the market

The recent market decline presents a good buying opportunity for investors as Vietnam's valuation becomes more competitive compared to regional peers. With a F2015 11.9x price-to-earnings ratio ("PER"), Vietnam is relatively inexpensive when compared to the average valuation of 15.6x PER for the regional markets (Thailand, Malaysia, Philippines and Indonesia), with similar earnings growth.

In addition, the quality of corporate earnings is expected to improve significantly in 2015. It should be noted that 2014 earnings were inflated by exceptional gains recorded by a number of larger companies: PetroVietnam Gas received over VND3,000bn in a one-off debt payment from Electricity of Vietnam ("EVN"), a state owned enterprise ("SOE") that has a monopoly in buying and distributing electricity in Vietnam, (equivalent to 20% of total profit). Hoa Phat Group benefited from the non-recurring profits from the sales of its Mandarin Garden property project. In contrast, projected 2015 earnings are derived from core activities only.

Competition for capital for listed equity

Real estate: The revival of the property market was felt in 2014 with a number of stalled projects getting restarted and some major headline names breaking ground (such as Masteri and Vinhome Central Park in Ho Chi Minh City and Vinhomes Nguyen Chi Thanh in Hanoi). The real estate sector was also aided by the relaxation of rules on foreign ownership of local property as well as Government commitments to improve infrastructure. This resulted in the sale of an historic number of units in Ho Chi Minh City (17,000 units) and significantly higher sales in Hanoi (10,700 units) for condominiums alone. We estimate that around US$2.5bn flowed into the property market in 2014 and this trend should continue in 2015.

IPOs and privatisations: Privatisation of SOEs was also a key investment theme in 2014 as the Government remained committed to its target of 432 SOEs privatised by the end of 2015. So far, the Government has raised approximately US$450 million from 76 IPOs in 2014. We estimate that the total value of SOEs due to be privatised in 2015-16 could reach US$27bn. There will be interesting IPOs in the near future, including Airport Corporation of Vietnam (ACV), Vissan, and Mobiphone.

Whilst we believe that equities remain an attractive investmentl in 2015, it is hard to deny the recovery of the property market as well as the privatisation drive will undoubtedly compete for some of the available investment capital in 2015, possibly limiting the VN Index's potential upside.

INVESTMENT MANAGER'S REPORT (CONTINUED)

Stock Market

UPDATE ON STOCK MARKET DEVELOPMENTS

Circular 01/2015 accelerates the listing of privatised companies

This circular requires SOEs to list their shares on UPCoM (Unlisted Public Company Market, the HNX's equivalent of the pink sheets market in the US) within 90 days of their IPOs. We see this as a significant breakthrough for privatisation and the equity market in Vietnam. If enforced successfully, this will expedite the process of making SOEs more transparent, adding to Vietnam's stock market capitalisation and enhancing the equity market image as a better representation of the economy.

Building a case for emerging market status

The State Securities Commission (SSC) is stepping up efforts for Vietnam's stock market to be upgraded to emerging market status by establishing a team to study the requirements and advising on how to attain this classification. Vietnam already plans to combine its two exchanges, liberalise foreign ownership limits and sell shares in SOEs to bolster the US$60bn market capitalisation. The recent examples of Qatar (DSM) and United Arab Emirates (ADSMI), which jumped at least 38% in the 12 months after MSCI announced the upgrading of their status in June 2013, certainly makes the two-to five-year review process worth working for.

Financial product development

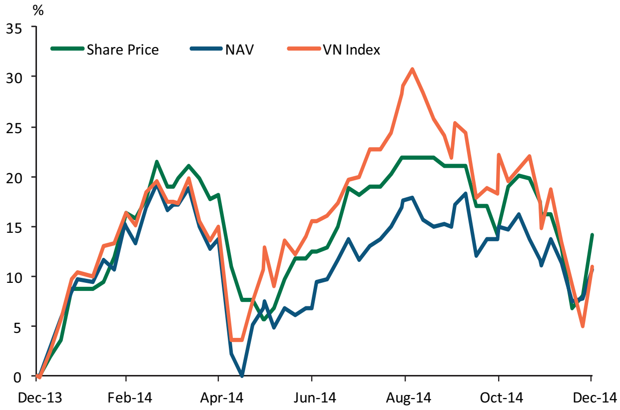
A draft on equity and bond futures contracts was circulated among market participants for comments in September 2014 and received good feedback from various organisations. Another draft on provident funds was also prepared and circulated for comments in October to November 2014. Realistically, we can expect the decree on provident funds to be passed within 2015 whilst stock and bond futures markets are expected to be operational in 2016.

INVESTMENT MANAGER'S REPORT (CONTINUED)

Fund

FUND PERFORMANCE

Vietnam's equity markets fluctuated sharply in 2014. In the first quarter, the market enjoyed a 17.5% increase, driven by improving macro conditions and supportive market measures. However, there was a correction in the second quarter following a rise in political tensions with China. China's placement of an oil rig in Vietnam's territorial waters resulted in the VN Index falling by close to 6% on 8 May 2014, the largest single day drop in recent history. In the third quarter, the VN Index rebounded owing to improved local sentiment, as reflected by the rise in cash deposits and higher leverage in retail accounts. However, the plunge in the world oil price in the fourth quarter drove the VN Index down by 9.0% in the final quarter of 2014. Despite the late-year correction, the market still returned a healthy 11% for the whole year. This marked the third consecutive year of double-digit gains for the VN Index.



Source: Bloomberg, Dragon Capital

VEIL's performance was in line with the market. The main contributors to VEIL's performance for the year were four core holdings: SSI, Hoa Phat Group, FPT and Vietcombank. SSI was the best performing stock, returning 57.4% in 2014 owing to the stock market's improved liquidity. Hoa Phat Group maintained its strong performance, rising by 51.5% supported by earnings growth of 60% over the year. Although FPT failed to achieve significant growth in earnings, it still managed to gain 30.1% gain in 2014 as a result of its solid operating performance and attractive valuation. Vietcombank rose 55.4% in 2014 as it benefited from the improved outlook for the banking sector in the final quarter of 2014.

Other core holdings, such as Vinamilk, REE, Masan Group, and ACB, trailed the overall market. The performance of Vinamilk was disappointing, down 12.1%, as a number of external influences had an adverse impact on its earnings. These included weak domestic demand, unfavourable government policy and rising competition. However, Vinamilk's earnings should recover in 2015 with a pickup in domestic demand resulting in higher sales and higher margins due to a decline in raw material prices. REE and Masan Group fell by 1.6% and 0.8% respectively over the year. ACB rose by 1.9% supported by the recovery in the banking sector.

ATTRIBUTION ANALYSIS

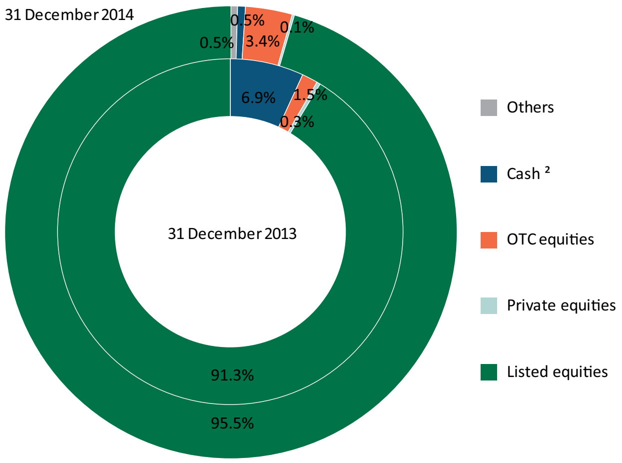
Stocks in the materials and resources sector significantly outperformed the VN Index resulting in a positive contribution to VEIL's return. Hoa Phat Group was the main contributor with a return of 51.5%, adding 3.7% to VEIL's return. This was due to the improved business environment for Hoa Phat Group which achieved net sales of VND25,500bn and a net profit of VND3,144bn, up 35% and 60% respectively. The earnings benefited from the Mandarin Garden residential project as well as strong demand for its core business, construction steel and steel pipe. Phu My Fertilizer, however, declined by 15.2%, deducting 0.2% from VEIL's performance. Last year Phu My Fertilizer experienced its lowest earnings since 2007 as urea prices remain under pressure due to persistent global oversupply and continued losses at its joint venture, PVTex.

The diversified financial sector, heavily weighted in VEIL with 17.7% of net asset value outperformed the market with a 19.4% return and contributed 3.5% to VEIL's performance. SSI was a key factor, contributing 3.0% to VEIL's performance for the year. SSI posted an impressive 2014 pretax profit of VND928bn, an increase of 83%, which was derived mainly from stronger volumes in its brokerage business and a higher market share. Brokerage revenue rose to VND329bn (+138%), on a proportionate increase in daily market turnover coupled with market share gains to 11.1% compared with 9.6% in 2013. In contrast, Masan Group underperformed the market falling 0.8% over the year. Masan Group's 2014 result was mixed, with weak sales but higher than expected profits. The consumer business, 'Masan Consumer', reported moderate sales and profit growth while 'Nui Phao' finished its first year of operation with reasonable sales and operating profits. Meanwhile, Techcombank saw a sharp increase of 64.1% in its pretax profit.

INVESTMENT MANAGER'S REPORT (CONTINUED)

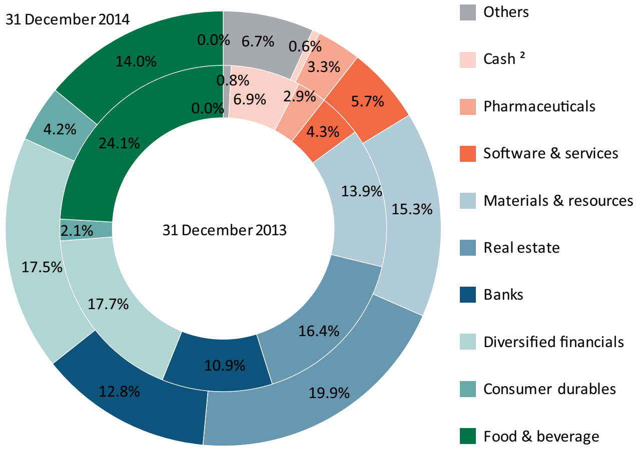
Fund

ASSET ALLOCATION BY ASSET CLASS[1]



Source: Dragon Capital

ASSET ALLOCATION BY SECTOR[1]



Source: Dragon Capital

[1] For a full portfolio listing, please see Note 7 to the Consolidated Financial Statements

[2] Cash includes other receivables and liabilities

VEIL's real estate return increased by 18.59% and significantly outperformed the real estate component of the VN Index contributing 2.86% to VEIL's return. The outperformance of the real estate sector was helped by the strong returns from two recently acquired holdings, Khang Dien House and Ha Do Group which contributed 0.6% and 0.5% to VEIL's performance respectively. Khang Dien House has benefited from its move into affordable housing and is now a pioneer of the gated communities where demand remains strong. Earnings are expected to grow at a rapid over the next few years supported by a strong pipeline of projects, firm pricing and lower net debt. Ha Do Group is a medium sized property developer originating from the Ministry of Defense's construction company which was privatised in 2004. Apart from low-margin apartment projects for soldiers, Ha Do Group targets mid-priced residential projects located in inner areas of key cities in Vietnam such as Hanoi and Ho Chi Minh City, as well as Vietiane in Laos. Ha Do's 6.5 ha Z756 capex project, located in District 3 of Ho Chi Minh City, will be the key driver for the group's earnings for the next three years. In addition, VEIL's longstanding holdings such as Sudico and BCCI also achieved strong returns of 34.0% and 17.3% respectively.

The banking sector (accounting for 12.8% of VEIL's NAV), started to recover in late 2014 and ended the year with a 14.55% return, contributing 1.66% to VEIL's performance. After three years, the banking sector finally outperformed the overall market in the last few months of 2014. Vietcombank gained 55.4% and added 1.3% to VEIL's result. In mid-December of 2014, Moody's upgraded Vietnam's banking sector outlook to stable from negative. Vietcombank, with the best asset quality in the sector, should be one of the major beneficiaries of the ongoing consolidation in the banking industry continues. Other banking stocks, such as Military Bank and ACB, also started outperform at the end of 2014 with moderate gains of 4.1% and 1.9% respectively. We believe that 2015 will be a good year for the banking stocks after three years of lagging the market.

Other sectors performed quite well with the exception of food and beverages, which included Vinamilk. Software and services, represented by FPT, rose by 30.29%, contributing 1.25% to VEIL's performance. Consumer durables, represented in VEIL by Phu Nhuan Jewelry, increased by 34.5% supported by a 48% increase in net profits. Core retail jewelry sales, which contributed 75% of net profit, grew by 37%, driven by an expansion in the number of Phu Nhuan Jewelry's retail stores from 163 to 187, and a restructuring of the Company's product line.

For Vinamilk, 2014 was not a good year as the stock dropped 12.1%, thus reducing VEIL's performance by 1.2%. Vinamilk was hit by many external influences that adversely affected earnings, as already elaborated above. 2014 marks the first time in its history that Vinamilk experienced negative profit growth. However, the 7.1% decine in profits was in line with the Company's own projections. VEIL reduced its exposure to Vinamilk during the year in order to reduce the concentration of its holding. No further sales are expected.

INVESTMENT MANAGER'S REPORT (CONTINUED)

Fund

SECTOR RETURN AND CONTRIBUTION

Sector	Portfolio return (%)	VN Index return (%)	Portfolio contribution (%)
Materials & Resources	29.81	15.09	3.60
Diversified Financials	19.47	8.09	3.53
Real Estate	18.59	10.91	2.86
Banks	14.55	8.08	1.66
Software & Services	30.29	31.08	1.25
Retail	82.68	86.89	1.12
Consumer Durables	29.25	40.34	0.69
Pharmaceuticals	12.01	13.53	0.31
Funds	19.07	N/A	0.10
Technology & Hardware	(1.16)	20.25	(0.03)

OUTLOOK

Vietnam's equity market remains an attractive opportunity for investors given the stable economic environment and low interest rates. Growth is expected to accelerate in 2015 owing to a recovery in the domestic economy, especially the banking sector. Moreover, Circular 36, which raises safety standards and transparency of credit institutions, will pave the way for a more sustainable recovery of the sector. In addition, many IPOs and further privatisations are scheduled for 2015, suggesting there will be an ample supply of new equity issues throughout 2015.

In 2015, VEIL will focus on those IPOs and privatisations with sound fundamentals, sustainable growth and good corporate governance. Furthermore, VEIL is actively seeking new investment opportunities beyond the current coverage, among mid- and small-cap stocks. In addition, we want to look for investment opportunities in public equity, such as private placements or convertible bonds. Last but not least, we hope to create more value for our investees by advising them on measures they can take to enhance shareholder value.

Vu Huu Dien
Investment Manager
Vietnam Enterprise Investments Limited
13 April 2015

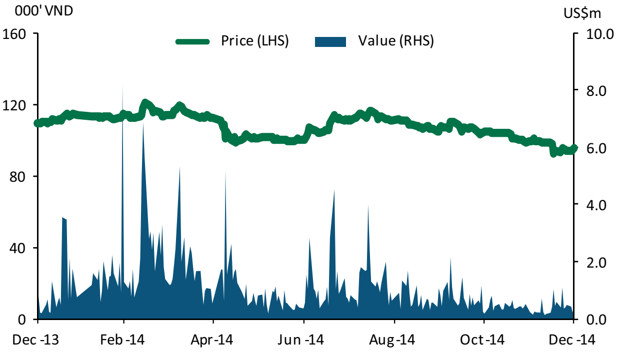
TOP TEN HOLDINGS

1. Vinamilk

Market valuation	2014 total return*	% of net assets	Initial acquisition
US$71,423,623	-13.43%	13.92%	22 October 2003

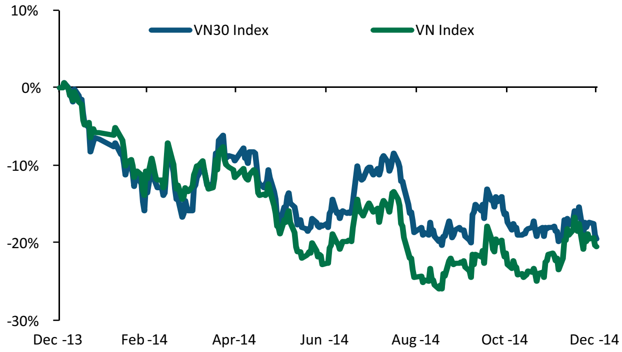
* Source: Bloompberg (total return in US$ terms in respective index)

STOCK PRICE



Source: Dragon Capital, Bloomberg

PRICE RELATIVE



Source: Dragon Capital, Bloomberg

Vinamilk, the leading dairy manufacturer of Vietnam, had an uncharacteristically muted year in 2014. The company managed to achieve a 13% growth in sales in spite of slowing consumption. With a lower gross margin due to higher input costs in 2014 and higher spending on marketing, however, net profit dropped by 8%. Margin compression is not expected to continue in 2015, though, as the fall in global dairy prices should more offset the margin pressure from rising selling expenses.

According to Kantar World Panel, the growth in fast moving consumer goods (FMCG) growth has slowed since 2012 due to a weaker macro-economic environment. Vinamilk, however, still affirms its vision of becoming a global top 50 dairy manufacturer with a target of US$3bn revenue by 2017. The Company is aiming for 20% growth in sales revenue in the coming three years through market share expansion and M&A activity. Vinamilk currently has about 50% market share in Vietnam's dairy market, with approximately 51% in liquid milk (up 2% in 2014), 28% in powdered milk (up 1% in 2014), 80% in spoon yogurt, and 70% in condensed milk. While it would be difficult to increase share in the yogurt and condensed milk segments, the company aims to achieve 60% market share in liquid milk and 40% market share in powdered milk in the next few years. Liquid milk and powdered milk together contribute almost 60% of Vinamilk's domestic revenue.

Vietnam has low dairy consumption per capita of less than 20kg per year. As demand per capita increases, liquid milk consumption will rise accordingly as fresh milk becomes more of a daily nutrition source for the Vietnamese people. Vinamilk gained the dominant market position in fresh milk through an outstanding quality assurance scheme and an affordable pricing policy. While Vinamilk could self-supply about 20% of total fresh milk required for production and still largely depend on fresh milk produced by local farmers, it takes pride in having built the most robust and logistically efficient milk collection system in Vietnam. In 2012 and 2013, Vinamilk heavily invested in this to ensure only the purest domestically-sourced milk was supplied to local customers within the shortest duration of transport time required. In 2014, Vinamilk's "100% fresh milk" products was named the most trusted fresh milk brand in Vietnam by AC Nielsen (for 12 months ended September 2014), largely contributing to the incremental 2% in market share of liquid milk.

In order to increase its self-sufficiency level, Vinamilk also independently expanded its farming activities. The total cow herd has increased by 25% to 11,000 cows, raised on eight farms across Vietnam. Vinamilk aims to ultimately self-supply up to 60% of fresh milk for production through an extensive farming program estimated to cost about US$95m over five years from 2012.

According to Kantar World Panel, during the recent market slowdown, dairy consumption in rural markets of Vietnam still outperformed urban markets (13% growth vs. 4% in 2014). Powdered milk is believed to contribute greatly to the growth of the rural market. Vinamilk recognised this and strategically channeled more effort towards building a stronger distribution network and brand value for powdered milk in rural markets through the year. This helped Vinamilk gain over 1% in additional market share in powdered milk in 2014.

Despite a temporarily less rosy business year in 2014, Vinamilk still has a strong balance sheet with a cash reserve of about US$400m as at 31 December 2014 with a very modest level of debt. This suggests ample opportunities for M&A for the company, both locally and overseas. Local market consolidation in the dairy sector is currently a more exciting possibility than ever before. We have seen some local players like IDP, Da Lat Milk or Hanoi Milk changing their company ownership structure quite significantly during 2014. With manufacturing activities centered in Vietnam, Cambodia, New Zealand and the US, we do not rule out the possibility of Vinamilk expanding its footprint in other markets provided there are suitable growth opportunities.

2015 is expected to be a better year for overall consumption in Vietnam and for Vinamilk in particular as demand recovers. The lower global dairy price in 2014 will further support gross margin performance in 2015 after its impact was already felt in the last quarter of 2014. We forecast Vinamilk to register 13% growth in net profit in 2015 which puts the company at 2015 PER of 15.5x at market price VND95,500 as of 31 December 2014. This is quite a compelling discount in comparison with regional peers which traded around 2015 PER of 22x.

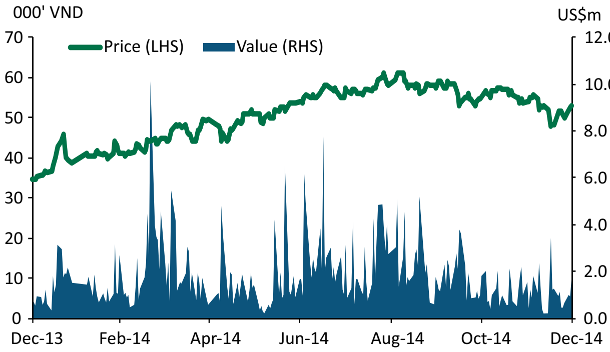
TOP TEN HOLDINGS

2. Hoa Phat Group

Market valuation	2014 total return*	% of net assets	Initial acquisition
US$53,794,744	50.23%	10.49%	19 June 2009

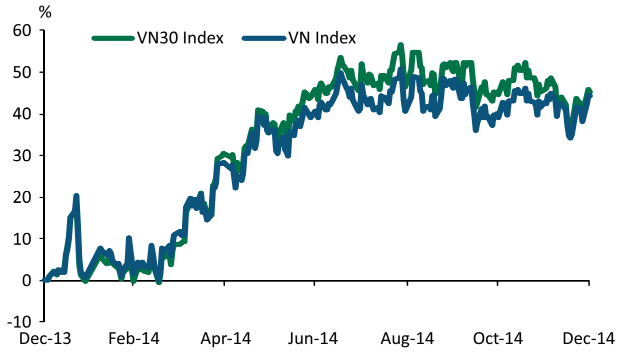
* Source: Bloompberg (total return in US$ terms in respective index)

STOCK PRICE



Source: Dragon Capital, Bloomberg

PRICE RELATIVE



Source: Dragon Capital, Bloomberg

Hoa Phat Group is one of Vietnam's leading industrial conglomerates, engaging in a range of businesses from furniture to construction steel to property development. However, Hoa Phat has always focused on the steel segment and is regarded the number one steel maker in Vietnam, with a market share of 19% in rebar and 20% in steel pipes. Thanks to its fully-integrated production chain, from iron ore to finished rebar, the company is known as the best in the industry in terms of cost control.

In 2014, Hoa Phat Group's earnings increased by 61% to VND3,144bn, exceeding its profit target by 43% while total revenue grew 35% y/y to VND25,525bn. Gross margin improved markedly to 20.3% in 2014 from 17.3% in 2013, owing to falling prices of raw materials and a significant contribution from sales of the highly profitable residential project 'Mandarin Garden'.

The steel business saw its profit grow by 63% y/y from 2013, accounting for 77% of total revenue and 63% of total profit in 2014. The margin of the steel business improved to 10% from 8.3% in 2013, owing to the significant decline in prices of raw materials (e.g. inputs such as iron ore and coal dropped 49% and 26% respectively in 2014). Thanks to Hoa Phat Group's cost competitiveness, sales volume of construction steel grew a whopping 43% y/y to over one million tons. As the steel sector continues to consolidate, Hoa Phat Group's rebar market share has steadily risen to 19% by the end of 2014, from 15.2% at the end of 2013. While the company traditionally dominates the northern Vietnam market, where almost 80% of total output is consumed, it saw 2014 sales volume in the central and southern Vietnam markets more than double from 2013. In addition, after acquiring a steel pipe factory in Da Nang City during the second quarter of 2014, the company saw its steel pipe sales volume skyrocket by 85% y/y to 250,000 tons in 2014. Consequently, the company took back the leading share in the segment at 20% compared to 18% of the runner-up Hoa Sen Group, a leading galvanised steel sheet maker.

In 2014, Hoa Phat Group recorded a significant contribution from its real estate business segment. It booked total revenue of VND2,500bn (+93% y/y) and net profit of VND700bn (+270% y/y) from sales of the Mandarin Garden residential project. The segment, while making up only 11% of the company's total revenue, accounted for 24% of total earnings owing to the high gross margin, which nearly reached 30%. Other business segments (furniture, refrigeration, construction machinery) enjoyed stable growth of 3-5% and accounted for approximately 12% of the group's remaining revenue and profit.

Looking forward to 2015, the story is one of steady growth in its core business coupled with a sharp drop in contribution from the real estate segment. Hoa Phat Group's construction steel sales volume in 2015 will reach 1.2 million tons (+20% y/y). Thanks to its cost leadership strategy, the company will steadily gain market share from smaller players as the sector continues to consolidate. Despite being optimistic on local steel consumption, Hoa Phat Group's management has set cautious guidance on its earnings outlook. Due to the unfavourable combination of ongoing steel oversupply and a slowdown in global markets, steel prices are expected to be subdued in the foreseeable future, most likely dipping about 6-8% in 2015. Furthermore, since the significant contribution of the real estate business will drop out in 2015, the low steel price will put further pressure Hoa Phat's margin and profitability, causing net earnings to drop about 9% y/y to VND2,872bn.

As at 31 December 2014, Hoa Phat Group was trading at VND53,000 per share, giving it a 2014 PER of 8.1x and a price-to-book ratio ("PBR") of 2.2x. While most regional and local peers are struggling to make any profit, Hoa Phat Group has consistently delivered ROEs above 20% in the past few years. Over longer term, the company will benefit from the rising infrastructure spending and on-going urbanisation process in Vietnam in years to come.

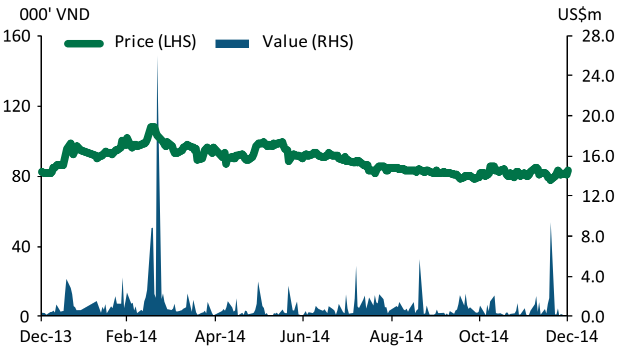
TOP TEN HOLDINGS

3. Masan Group

Market valuation	2014 total return*	% of net assets	Initial acquisition
US$52,790,262	-0.81%	10.29%	1 April 2010

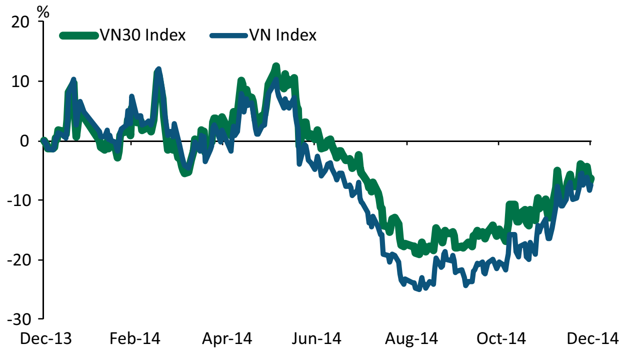
* Source: Bloompberg (total return in US$ terms in respective index)

STOCK PRICE



Source: Dragon Capital, Bloomberg

PRICE RELATIVE



Source: Dragon Capital, Bloomberg

Masan Group, the leading consumer group of Vietnam, which also owns the Nui Phao polymetal mine in Thai Nguyen (through Masan Resources) and Techcombank, closed 2014 on a subdued note. Despite attaining 35% growth in its top line and 139% growth in its bottom line, Masan Group still fell short of its annual sales target by 23%. Net profit before tax ("NPBT") would have fallen by 20% in 2014 if extraordinary income due to asset disposals was excluded. This came from the divestment of Minh Viet Packaging and Masan Agriculture.

Masan Consumer accounted for 81% of the Masan Group's total sales. Despite the recent recovery of the domestic consumer market in late 2014, Masan Consumer only achieved 10% growth in its top line, compared to its target of 34%. We, however, expect a better outlook for Masan Consumer in 2015 on the recovery of domestic consumption. Sales performance of Masan Consumer was largely supported by beverages. Vinacafe, which contributed 23% of Masan Consumer's total sales, registered outstanding growth of 30% in 2014, despite the overall weaker consumer market, largely thanks to successful restructuring in 2013. In contrast to the coffee business, convenience foods and condiments experienced quite a challenging year in terms of growth, with convenience foods growing only about 5% while condiments were just flat. In order to fuel growth for these two segments, Masan Group continuously restructured its portfolios and introduced new products. The company also made a public offer for Cholimex, a condiments and frozen foods producer, which should help supplement its distribution channels, especially through on-premise outlets. Besides these three major F&B businesses, Masan Group also ventured into beer and processed meat production with two additional smaller acquisitions. However, further progress in these two segments will take some time to channel through to Masan Group's results.

One of the most significant achievements at Masan Consumer in 2014 was the improvement in gross margin, which expanded by 220bps to 44.1%. This was achieved thanks to continuous efforts in inventory management, cost control, and greater efficiency. We note that Vinacafe's gross margin improved significantly by 60bps to 35.7% in 2013 and estimate that both condiments and convenience foods experienced the same trend in gross margin improvement, though to a lesser extent.

In order to simplify its corporate structure, Masan Group consolidated its direct and indirect interests in Masan Consumer into Masan Consumer Holdings ("MCH"). MCH successfully raised a ten-year bond worth VND2,100bn at an 8% fixed coupon rate, an effective debt restructuring to lower interest expense. Proceeds from the bond issuance will be used to grow the consumer businesses both organically and through meaningful M&A opportunities.

Masan Resources made its first annual net profit in 2014. A study has been undertaken to extend its life by another three years, reaching 20 years in total and effectively increasing the reserve capacity to 66 million tons. With plant throughput reaching design utilisation levels of 90% and recovery rates improving across all products, Masan Resources is expected to contribute a more sizable amount of earnings to the group in 2015.

Techcombank (30.4% owned by Masan Group) went through another year of major restructuring in 2014 with aggressive provisioning and asset quality improvement efforts. As a result, the bank booked an encouraging 61% growth in NPBT. We expect it to continue restructuring and potentially register healthier earnings growth in 2015.

To our forecasts: Masan Group could deliver a 61% growth in earnings in 2015, putting it at a PER of 35x, admittedly still a premium to the other regional consumer companies.

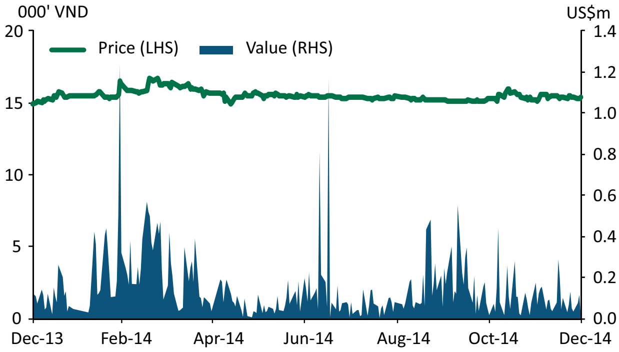
TOP TEN HOLDINGS

4. ACB

Market valuation	2014 total return*	% of net assets	Initial acquisition
US$41,409,645	1.87%	8.07%	1 December 1996

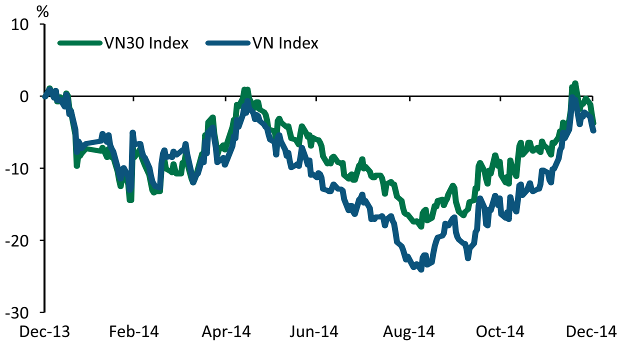
* Source: Bloompberg (total return in US$ terms in respective index)

STOCK PRICE



Source: Dragon Capital, Bloomberg

PRICE RELATIVE



Source: Dragon Capital, Bloomberg

ACB is the leading private bank in Vietnam with 3.8% market share in deposits and 3.6% in credit. It is ranked eighth in terms of total assets. ACB used to be the most active and flexible bank in diversifying its non-lending activities, taking advantage of arbitrage opportunities in gold and foreign currency, and being a major player in the interbank market. Recently, it has shifted its focus to traditional small and medium-sized enterprises ("SME") and retail lending, which account for 51% and 42%, respectively, of its total loan book. A prudent approach to lending along with a limited exposure to real estate and SOE lending are key factors that helped maintain ACB's asset quality during the recent economic slowdown.

After a difficult 2012 with many scandals, ACB has taken a series of decisive measures to clean up its balance sheet and refocus on becoming a leading retail bank in Vietnam, bolstered by active IT spending. Its detailed plan to solve legacy asset issues is on the right track. At the end of 2014, ACB fully booked provisions for the impairment of VND719bn in deposits at Vietinbank. It wrote off VND789bn overdue accrued interest with regard to exposure to the interbank market, Vinalines, and related parties of an ex-member of the board of directors. These write-offs were key negative factors affecting ACB over the past two years. Remarkably, ACB received payment in full for a doubtful debt of VND1,193bn in the interbank market. As part of the master restructuring plan, ACB ceased all its gold trading activities and reduced sharply interbank lending activities to put more effort into its core businesses. In 2014, retail and SME lending expanded by 15% and 2.4%, respectively, whereas total assets also increased by 7.8% after two years of de-leveraging. ACB has recently changed its brand name identity, marking another effort in regaining its reputation as the best retail bank in Vietnam. Deposits from customers continue to achieve sustainable healthy growth in 2014 (+11.9% y/y) in spite of a low interest environment.

A new management team installed after the scandal in 2012, consisting of senior bankers in Vietnam and a representative from the partner Standard Chartered Bank, has demonstrated its capability in steering ACB through the crisis smoothly.

In 2014, ACB achieved 8.6% growth in net interest income. This encouraging result was attributable to the fact that it was able to stabilise its net interest margin ("NIM") while credit growth reached 8.4% and investment in debt securities was up by 18.5%. Fee and commission income decreased 9.9% y/y while FX and gold trading started making profits after three years of losses. Net gain on trading securities, which accounted for 5.6% of total operating income, was down 27% y/y. In total, operating income of ACB advanced by 7.2% y/y to VND6,056bn. On the bottom line, in spite a total VND977bn provision for normal bad loans, up 14.4% y/y, ACB still recorded a 15.2% growth in net profit. ACB's NPLs stood at 2.2%, with irrecoverable debts amounting to VND1,796bn at the end of 2014. Meanwhile, the loan loss coverage improved to 90% in 2014 from 60% in 2013 as loan loss reserves were built up to 1.4% of the loan book. ACB started to re-leverage its balance sheet and increased its asset by 7.8% y/y, compared with a slump of 37.3% in 2012 and a decrease of 5.5% in 2013.

Provisions for bad loans are expected to remain high in 2015 due to stricter regulations on loan classification and provisioning for bad loans as well as Mr. Kien's related exposure. We estimate 2015 profit before tax ("PBT") at around VND1,499bn, up 23.4% y/y. From a longer term perspective, there are signs of a recovery with the bank's NIM increasing to 3.0% in 2014 from 2.8% in 2013. Also assets are being regained on the back of healthy growth in deposits and traditional lending to SMEs and individuals.

As at 31 December 2014, ACB was trading at a 2015 PER of 12.3x and PBR of 1.1.

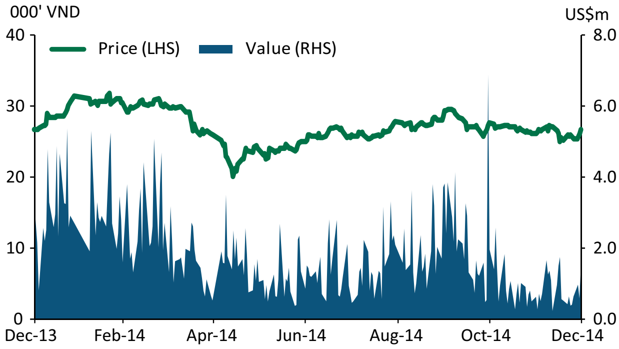
TOP TEN HOLDINGS

5. REE

Market valuation	2014 total return*	% of net assets	Initial acquisition
US$38,438,374	-1.59%	7.49%	1 July 1996

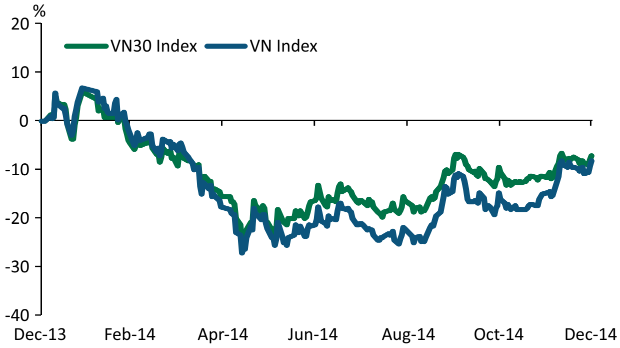
* Source: Bloompberg (total return in US$ terms in respective index)

STOCK PRICE



Source: Dragon Capital, Bloomberg

PRICE RELATIVE



Source: Dragon Capital, Bloomberg

REE is a holding company engaged in mechanical and electrical ("M&E") construction, selling and assembling air-conditioning systems, developing and leasing office buildings and making equity investments (mostly in the utilities sector). Starting as an M&E contractor, REE has remained a local leader for over 37 years, winning large projects in Vietnam such as the Vietnam National Assembly building, headquarters for top banks in Vietnam and Noi Bai International Airport. Leveraging on its M&E client-base, REE launched its own air-conditioning system branded 'Reetech' in 1996. However, due to high competition from foreign brands, Reetech remains a laggard in REE's business profile. In the office-leasing business, REE has developed its cheap land-bank into office buildings and leased them with occupancy rates of above 95%.

In 2014, REE posted a net profit of VND1,062bn, up 9% y/y, with the largest contribution from its investment in utilities (approximately 55% of total net profit), followed by office leasing (22%), M&E (17%) and Reetech (3%). Its combined profit still grew despite a 6% drop in earnings from investee companies, as its M&E business grew by 48% y/y in 2014 as a number of major projects were completed. Reetech achieved earnings growth 25% y/y which was a significant achievement given the strong competition from foreign players. Leasing profit increased 11% y/y. Profit from its investee companies dropped 6% mainly because Pha Lai Thermal Power Plant, of which REE holds 22%, recorded 36% y/y decline in earnings owing to lower currency gains (-44% y/y) and a lower gross margin resulting from a new purchase price agreement (PPA) with EVN.

REE has invested US$225m, 42% of its total assets, in power companies (71% of its total investment), water companies (14%), real estate companies (8%) and coal companies (5%). The market value of REE's investment portfolio is at a 30% premium to its book value. Return on investment averaged 12% in 2014. REE continues to expand its investment in utilities, acquiring 25% of a 220MW hydro-power plant named Song Ba Ha in late 2014, in order to benefit from the rising power price.

For 2015, we expect limited profit growth from REE given its stable earnings from M&E, Reetech and the office leasing segment. REE has signed US$120m worth of new projects which will support its earnings from M&E in the next three years, including M&E work for the headquarters tower of Vietinbank, a Sanofi factory, and several high-end commercial and apartment buildings in the centre of Ho Chi Minh City. Meanwhile, no expansion in office leasing business will occur until 2017. Reetech continues to target 10% annual earnings growth as the underlying will have flat earnings and the new investments will start contributing profit in 2016.

As at 31 December 2014, REE was trading at attractive forward PER of 7.4x, a 39% discount to the top 50 constituents of the VN Index, and a PBR of 1.2x, or a 29% discount to the top 50. Investment in utilities, including power and water, is REE's long-term strategy. These assets are significantly undervalued and should benefit from Vietnam's accelerated infrastructure development. With a strong business portfolio run by a highly-credible management team, REE is one of the most attractive listed companies in Vietnam.

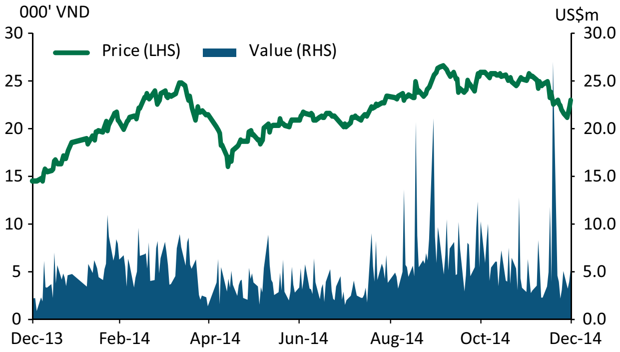
TOP TEN HOLDINGS

6. SSI

Market valuation	2014 total return*	% of net assets	Initial acquisition
US$31,585,337	55.96%	6.16%	22 December 2009

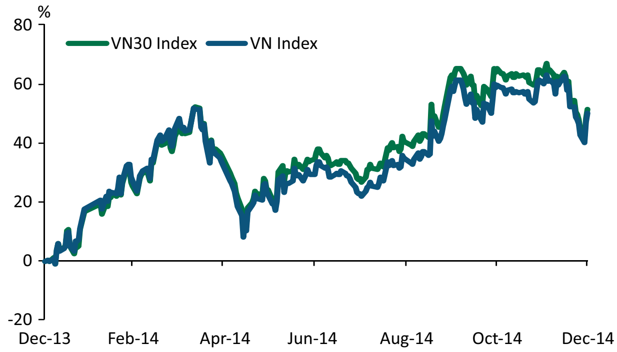
* Source: Bloompberg (total return in US$ terms in respective index)

STOCK PRICE



Source: Dragon Capital, Bloomberg

PRICE RELATIVE



Source: Dragon Capital, Bloomberg

SSI, the premier brokerage company in Vietnam with a market capitalisation of VND8,100bn, (nearly US$400m) leads the industry in terms of market share, foreign institutional accounts and branch networks. SSI also specialises in investment banking and asset management.

2014 witnessed one of the best performing years for SSI, with its net profit increasing 78% to VND745bn on revenue of VND1,565bn, up 115% y/y.

Along with Vietnam's market development in 2014, SSI's customer and product development strategies yielded spectacular results for its brokerage services segment, contributing to 50% of its total revenue. In particular, brokerage fees hit a record high at VND329bn, up 137% y/y and exceeding SSI's plan by 45%. The number of new accounts grew consistently over the past three years at a 51% compound annual growth rate (CAGR). Remarkably, total new accounts reached 7,559 in 2014, increasing 96% y/y. With these successes, SSI regained its ranking as the #1 brokerage in Vietnam by market share at 11.15%. Among foreign institutional investors, SSI also ranks #1 with 32% of that segment. Margin lending, a supporting function for brokerage services, also performed well, with lending balance averaging VND1,800bn per month, five times as high as in 2013. Despite declining interest rates, revenue from margin services amounted to VND472bn, an increase of 36% y/y.

Another positive contributor to SSI's 2014 revenue were the investment and asset management segments, which recorded revenues of VND721bn, up 268% y/y and making up 46% of SSI's revenue. Apart from a small portion allocated to short term investment, SSI's investment strategy focuses on sectors with long-term growth that experience minimal fluctuation from economic cycles, such as agriculture, fisheries and consumers staples. During 2014, SSI exited three major deals including Hung Vuong Group, Ben Tre Aquatex (fisheries companies) and National Seed Company (agriculture) with total divestment value of VND467bn, while adding Dong Nai Port to its portfolio of associate companies. By the end of 2014, SSI held nine investments as associate companies, with total book value of VND1,040bn, equivalent to 46% of total investment and 18% of SSI's equity. SSI will continue its active investment strategy in these investments, nominating its people to participate in investees' boards of directors and supervisory boards to help these companies develop long term, sustainable growth and enhance corporate value.

Despite having a relatively poor year, the investment banking segment achieved some success raising a total of VND3,250bn, of which VND400bn was through corporate bonds, VND1,650bn was from private placements, VND700bn was from IPOs and VND500bn was from new listings.

Looking forward, 2015 is expected to be a more challenging year for SSI owing to a tightening of regulations. At the same time, there will also be tremendous opportunities for the company. For example, Circular 36 imposes strict control on capital-raising for securities firms that are subsidiaries of banks. This will lead to opportunities for companies with strong financial capability such as SSI to even further expand its market share. We also note that with VND5,690bn of shareholder's equity and a VND1,500bn convertible bond raised in December 2014, SSI is arguably the strongest brokerage firm in terms of capital base. Acceleration of SOE equitisation will also open up opportunities for the investment banking segment as well as SSI's asset management segment to invest in. Lastly, with derivative markets expected to open in 2016, new products will significantly enhance trading turnover and bring in substantial new income to SSI.

As at 31 December 2014, SSI was trading at VND27,500 per share, giving it a 2015 forward PER of 14.5x and a PBR of 1.4x. We believe that SSI deserves a premium compared to its peers for its strong balance sheet, distinctive business model and its growth prospects.

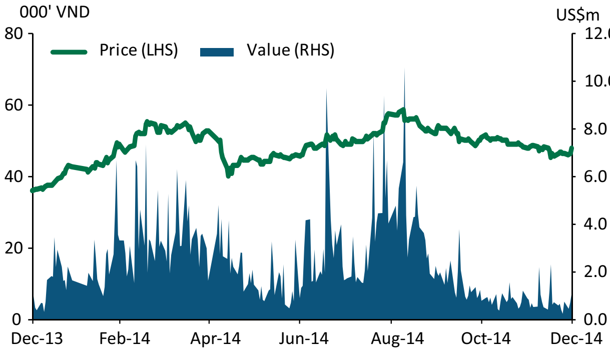
TOP TEN HOLDINGS

7. FPT

Market valuation	2014 total return*	% of net assets	Initial acquisition
US$29,255,656	31.03%	5.70%	27 March 2008

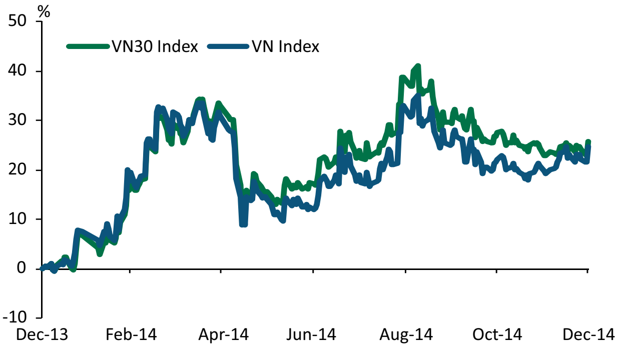
* Source: Bloompberg (total return in US$ terms in respective index)

STOCK PRICE



Source: Dragon Capital, Bloomberg

PRICE RELATIVE



Source: Dragon Capital, Bloomberg

FPT is the largest domestic IT services firm and leads Vietnam's technology sector with number one positions in most of its operations. FPT's business segments include information systems, software outsourcing, internet services and distribution of IT products. Currently, internet services are the largest contributor to profits (38%), followed by software outsourcing and information systems (30%), distribution (24%) with the remaining 8% contributed by education. FPT has an exceptionally strong corporate culture which inspires innovation and teamwork.

2014 was a milestone year for FPT as it declared its 'Go Global' strategy. In fact, FPT has become so big domestically that that will hinder it from maintaining fast growth. For example, both systems integration and distribution subsidiaries now control more than 50% of their domestic markets, making it difficult for them to expand further. Therefore, in order to deliver spectacular results as in previous years, it is a must for FPT to expand to foreign countries by targeting markets in the US, Europe, Japan and ASEAN countries such as Singapore, Myanmar, Laos and Cambodia. In order to realise this plan, the quickest and most efficient way is via M&A with companies which have already accomplished certain sizable projects and have sustainable client bases in these markets. In June 2014, FPT made the first acquisition ever in Vietnam's history by buying 100% of RWE IT Slovakia. The acquisition not only added a new field of public infrastructure to the list of domains that FPT provides services in, but also brings in a committed US$80m value contract for the next five years.

FPT's 2014 revenue was VND35,114bn, an increase of 23% y/y, due mainly to contributions from software outsourcing (+36% y/y), internet services (+19% y/y), and distribution and retailing combined (+31% y/y). PAT attributed to parent company's shareholders was up 2.0% to VND1,632bn, lower than revenue growth, due to depreciation cost from its fiber optics investment, expenses related to M&A and declining profits in the information systems segment. Overseas markets outgrew the domestic market thanks to continuous efforts in expanding market coverage and initial results from the M&A strategy. Estimated revenue from overseas markets was VND3,684bn in FY2014, up 37% y/y, and PBT totaled VND584bn, up 13% y/y.

Into 2015, FPT's revenue and PBT are targeted at VND39,600bn and VND2,850bn, increasing 13% and 16% y/y respectively. Even though we are slightly more cautious compared to FPT's own target with forecast sales of VND37,600bn and VND2,718bn PBT, we consider FPT a 'must-have' in the portfolio, for its inexpensive valuation, strong financial position, good growth prospects and for its unique exposure to Vietnam's IT industry. Specifically, trading at VND48,000 per share as at 31 December 2014, FPT was valued at 2015 and 2016 forward PER of 9.2x and 6.8x respectively. FPT consistently delivered high ROE of at least 27% over the past five years despite all the ups and downs of the economy, while maintaining low leverage with a net debt ratio at a sustainable 30%. There are few other investment opportunities in the technology sector as these other companies have either: 1) a copy-cat model of FPT while being smaller and less competitive; or 2) focus on one of FPT's businesses but experience slower growth due to lack of economies of scale and facing fierce competition.

Finally, as a long term investor in FPT, we value the company for its commitment to transparency and good corporate governance. FPT sets a high standard for information disclosure by providing monthly results and organising quarterly investor meetings with the board of management and the board of director's representatives. We are confident with the way FPT is managed, and we have great trust in FPT's future development. We are especially delighted that FPT is expanding overseas, especially in the outsourcing area, where it can leverage on the young and numerous workforce in Vietnam to serve the US$1trn global market.

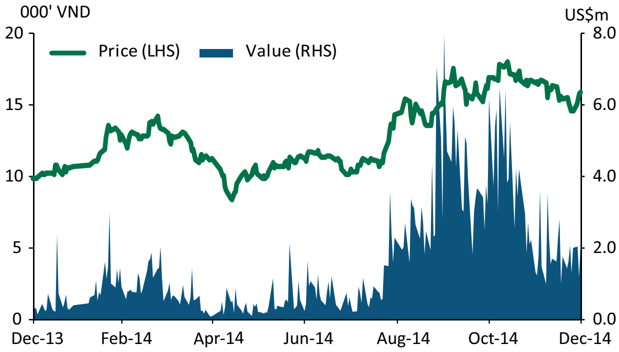
TOP TEN HOLDINGS

8. Kinh Bac City

Market valuation	2014 total return*	% of net assets	Initial acquisition
US$20,382,131	59.97%	3.97%	9 March 2010

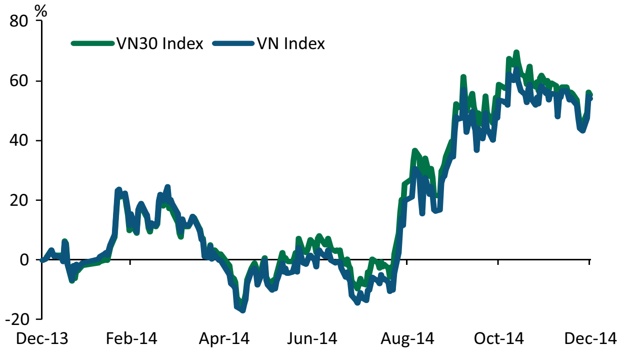
* Source: Bloompberg (total return in US$ terms in respective index)

STOCK PRICE



Source: Dragon Capital, Bloomberg

PRICE RELATIVE



Source: Dragon Capital, Bloomberg

Kinh Bac City is the leading player in the industrial park business in Vietnam. During its 13 years in business, the company has built a reputable brand name as a capable developer with an over 6,000 ha land bank spread throughout Vietnam.

Besides its vast land bank, Kinh Bac City's other unique advantage lies with its charismatic chairman, Mr. Dang Thanh Tam, a regular fixture in Vietnamese Government trade missions and member of various trade promotion organisations. Mr. Tam's influence has enabled Kinh Bac City to attract some big-name manufacturers such as LG Electronics, Canon, Foxconn, Wintek, etc. over the years.

The financial crisis hit Kinh Bac City hard as a result of its ambitious accumulation of assets during the boom years. Its assets tripled from VND3.8trn to VND11.4trn in just three years to 2010, whilst its debt rose 10 times to VND3.9trn in the same period. As property liquidity disappeared during the 2011-2013 period, its bottom line was hit badly with ROE averaging just 3% in those years.

2014 was a big year for the company. It recorded revenue of VND1,069bn, down 0.35% y/y, but VND326bn in NPAT, a jump of 450% y/y, beating its NPAT target by 204%. The big improvement in NPAT can be attributed to a number of factors:

- 61% of the industrial park land leased in 2014 was from Trang Due Industrial Park, which saw the highest leasing price increase in 2014 at 19% compared to an average of 8% across all of Kinh Bac City's industrial parks. This boosted gross profit by 16% y/y to VND588bn as gross margin rose to 55% in 2014 from 46% in 2013;
- Financial income rose to VND158bn, up from just VND39bn in 2013, thanks mostly to VND113bn profit from the divestment of Nam Viet Real Estate and Song Tranh 4 Hydropower;
- Thanks to the lower interest rate and the company's efforts in reducing its debt level, interest expense fell 20% in 2014 to VND248bn. Additionally, improvements in the stock market enabled the company to reverse VND25bn from its investment portfolio's provisions; and
- NPAT attributable to parent shareholders surged to VND326bn in 2014, posting a very healthy 30% net margin. Nevertheless, return efficiency remained a head-scratching issue at the company with 2014's ROE 6% and ROA only 2.4%.

We believe 2015 will be an even better year in the turnaround story of Kinh Bac City. By the end of 2014, the company had managed to reduce its VND3trn long-term loan portfolio by 24% to VND2.27trn. Furthermore, it had extended the duration of outstanding long term loans by another three to five years, thus averting the huge default risk it was facing in 2014 when most of the bonds were maturing by the end of 2014. Additionally, it was able to raise VND1.2trn in convertible bonds (announced in January 2015), which is expected to be used to develop Trang Due Industrial Park expansion in 2015.

We forecast Kinh Bac City's revenue and NPAT in 2015 to hit VND1,650bn (up 54% y/y) and VND519bn (up 59% y/y) respectively. We expect profit margins to contract from 2014 levels mainly because the company has run out of low cost industrial park land in Trang Due Industrial Park 1 (outstanding unleased land here stood at 10ha at the end of 2014), and Kinh Bac City will face higher clearance costs when developing Trang Due Industrial Park's expansion. Gross profit margin in 2015 is expected to shrink to 48%. However, thanks to lower interest expense in 2015 (due to the declining level of debt), we project net margin will only fall to 27% from 30% in 2014.

As at 31 December 2014, Kinh Bac City was trading at a pricey 2015 forward PER of 14.4x, though its 2015 forward PBR of 1.0x is fairly reasonable. Based on our conservative estimate, the realisable NAV stands at VND18,500 per share which gives the stock a 16% upside. We believe the next few years will be very exciting for Kinh Bac City considering the bright outlook for FDI inflow as well as improvement in infrastructure which should unlock even more value for several of the company's major assets.

TOP TEN HOLDINGS

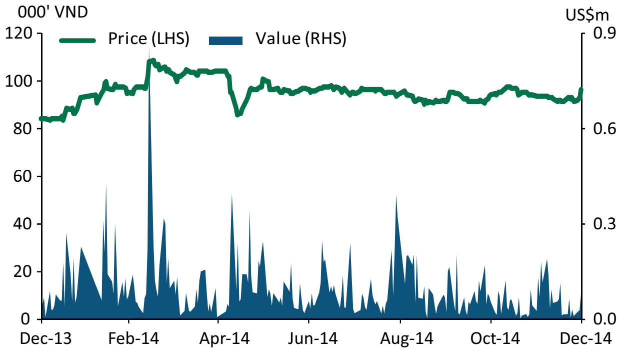
9. Hau Giang Pharma

DHG PHARMA

Market valuation	2014 total return*	% of net assets	Initial acquisition
US$16,867,592	12.41%	3.29%	9 March 2010

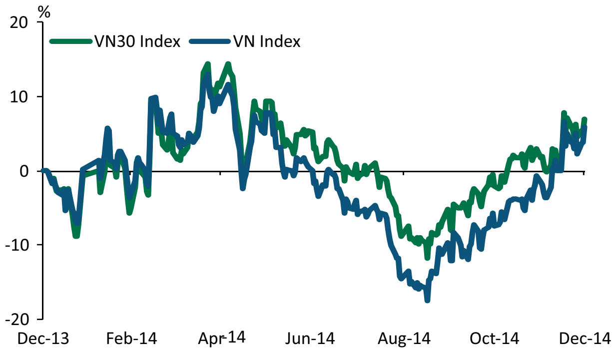
* Source: Bloompberg (total return in US$ terms in respective index)

STOCK PRICE



Source: Dragon Capital, Bloomberg

PRICE RELATIVE



Source: Dragon Capital, Bloomberg

Hau Giang Pharma is Vietnam's largest domestic pharmaceutical producer, maintaining its leadership among domestic peers over the past 40 years. In 2014, the company generated revenue of US$187m, double that of the second largest domestic rival. According to IMS Health survey, Hau Giang Pharma is ranked at third place in terms of market share, behind Sanofi and GSK. Hau Giang Pharma is well-known for its long-established brand since 1975 and extensive distribution network in Vietnam. Hau Giang Pharma aims to double its revenue in the next four years, driven by expanded production capacity.

The two new factories, with a combined capacity of about 4 billion units, will double the company's current capacity. One of the two (the non-Betalactam factory) came into operation in January 2015 and is gradually ramping up. The other one (the Betalactam factory) will start production in December 2015. Note that the new factories enjoy a favourable tax break (0%) over 2015-18 and 5% over 2019-27.

Hau Giang Pharma was the first company to penetrate the over-the-counter ("OTC") channel in Vietnam, and it has built an extensive distribution network covering all 64 provinces in Vietnam, including most major cities. The distribution network, comprised of 1,000 salespeople, 12 distribution subsidiaries and 24 branches, is Hau Giang Pharma's distinctive competitive advantage over not only domestic peers but also foreign players. Recent deployment of an enterprise resource planning (ERP) system is helping improve the efficiency of its network.

By product groups, respiratory, fever/pain relief and anti-biotic drugs contribute about 50% to the company's total revenue. The top 12 brands also contribute about half of total revenue. Hau Giang Pharma is now using modern marketing approaches that directly reach end-users, such as TV commercials, in addition to its traditional marketing approach targeting pharmacies.

The company imports its raw materials from different suppliers. Market leadership and scale give it bargaining power on terms and prices. It is able to maintain a stable gross margin at 50% while net margin hovers around the 13-15% level and selling expenses are kept at 28% of sales.

The company's revenue continued to grow 15% y/y in 2014 despite rising competition when more domestic players shifted their focus to OTC. Its 2014 total profit dropped 10% y/y, but excluding the one-off gain of US$7m it earned in 2013 from selling its brands Eugica to Mega Life Sciences, Hau Giang Pharma's recurring profit actually increased 10% y/y.

Hau Giang Pharma has a low debt to equity ratio DER at 7% and has a high cash position of approximately US$36m at the end of 2014. Putting aside about US$7m to spend on its new Betalactam factory, it has sufficient cash to upgrade its distribution system and the old factory and also look for M&A opportunities. We believe in the growth story of Vietnam's healthcare and pharmaceutical sector and expect that Hau Giang Pharma will experience double-digit growth for at least the next five years. Generic-drug sales in Vietnam are projected to grow approximately 15% through 2018, outpacing the growth of overall pharmaceutical sector. As at 31 December 2014, , Hau Giang Pharma was trading at VND90,000, forward PER of 12.8x, a discount to regional peers that trade at an average PER of 18.0x.

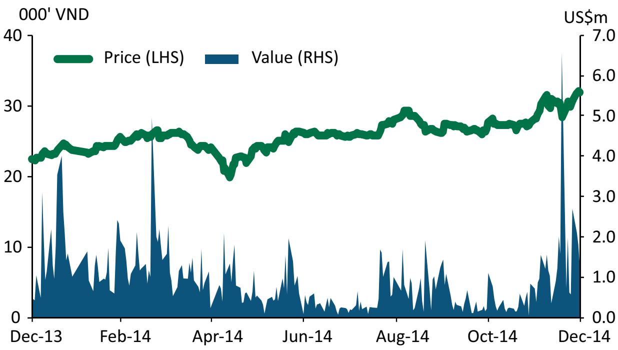
TOP TEN HOLDINGS

10. Vietcombank

Market valuation	2014 total return*	% of net assets	Initial acquisition
US$16,669,534	35.57%	3.25%	7 February 2010

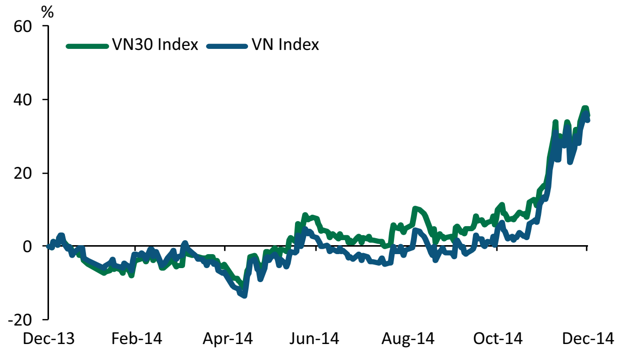
* Source: Bloompberg (total return in US$ terms in respective index)

STOCK PRICE



Source: Dragon Capital, Bloomberg

PRICE RELATIVE



Source: Dragon Capital, Bloomberg

Established in 1963 as a state-owned commercial bank with an aim to specialise in foreign trade, Vietcombank is now Vietnam's largest financial institution by market capitalisation and one of the top four leading state-owned commercial banks ("SOCBs") in Vietnam. It completed its listing in 2009 after successfully making the first SOCBs' equitisation in 2007. Alongside traditional banking products, Vietcombank also provides a wide range of financial services including factoring, brokerage services, portfolio management, and investment banking. Vietcombank enjoys a network of over 400 branches and sub-branches across Vietnam and overseas, employing more than 14,000 people.

Over 50 years in the market, Vietcombank's success has been based on exemplary customer service, a wide range of products and services, use of the latest technology in information and control systems as well as prudent approach to lending. Unlike some other SOCBs with bad reputations in SOE exposure, Vietcombank is widely recognised as the best managed bank in Vietnam with its centralised risk management system. Other competitive advantages of Vietcombank include its expertise and dominant position in non-interest services such as international payment services, FX trading and card services. About 16.3% of import-export payment settlements in Vietnam go through Vietcombank. A well-established operations network coupled with a strong brand name help Vietcombank lower its funding cost to among lowest in the banking sector, which enables it to offer competitive rates to customers. Long term, Vietcombank aims to further enhance retail banking activities along with traditional corporate services, promote competitive advantages to further improve operational efficiency and profitability, and enhance the contribution of non-interest income to total income.

In late 2011, Vietcombank sold a 15% stake for US$567m to Mizuho Corporate Bank Ltd. ("Mizuho") through a Strategic Partnership Agreement. The capital injection from the strategic partner laid the foundations for the long term development of Vietcombank. Recently, the two parties have exchanged high-level management visits and training delegations to leverage the customer base of the two banks and financial expertise of Mizuho. The partnership is expected to further benefit from and in return foster increased investment by Japanese companies into Vietnam.

In 2014, despite many difficulties, Vietcombank's net interest income and fee-based income advanced 9.2% and 7.6% respectively. Other operating income also surged by 39.4%, which was mainly attributable to the recovered written-off bad debts and gains on trading securities. All in all, PBT increased by only 2.3% due to the 30% growth in provision for credit losses. Vietcombank has adhered to a conservative provision policy and maintained the loan loss reserves to NPLs ratio at a healthy level of 106%. The bank plans to record as much as VND4,500bn provision for bad debts in 2015 with an effort to clean up its balance sheet and to prepare for the next stage of development. Loans to customers grew by 10.2% while deposits from customers also grew strongly at 16.6% in spite of a declining interest rate environment. A low LDR of 78% at the end of 2014 will enable Vietcombank to accelerate its re-leveraging process and take measured risks to improve profitability. Underlying strong profitability of the bank is also the improvement in operational efficiency. The cost to income ratio was lowered from 40.3% to 39.5%, lowest among SOCBs.

After two years of banking reform, signs of a recovery in the sector are becoming clear. The Government's efforts to accelerate the banking reforms have delivered positive results. For Vietcombank specifically, 2015 continues to be about dealing with troubled assets and implementing a more stringent loans classification scheme. Vietcombank started its heavy provisioning policy one to three years sooner than other banks and 2015 should be the last year of major provisioning by the bank. Earnings should grow at a rapid rate from early 2016 based on the following key drivers: 1) expansion of NIM after a bottoming-out period; 2) lower provision expenses from 2015 onwards and even some reversal of provisions; 3) healthy growth in fee-based income; and (4) expected higher credit growth.

At the end of 2014, Vietcombank was trading at a 2015 forward PER of 15.9x and PBR of 1.8x. Investors are willing to pay a premium for Vietcombank over other banks thanks its exceptional level of transparency and asset quality. In 2014, Vietcombank outperformed the VN Index and gained 19%.

GOVERNANCE

COMPLIANCE

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

ROLE OF THE BOARD

The management agreement between the Company and the Investment Manager sets out the matters over which the Investment Manager has authority.

This includes management of the Company's assets and the provision of accounting, company secretarial, administration and marketing services. All other matters are reserved for the approval of the Board, including the determination and monitoring of the Company's investment objectives and policy and its future strategic direction, management of the capital structure, appointment and removal of third party service providers, review of key investment and financial data and the Company's corporate governance and risk control arrangements. The Board meets at least semi-annually and additional meetings are arranged as necessary. Full and timely information is provided to the Board to enable it to function effectively and to allow Directors to discharge their responsibilities. Directors may take independent professional advice if necessary and at the Company's expense. This is in addition to the access that every Director has to the advice and services of the Company Secretary which is responsible to the Board for ensuring that applicable rules and regulations are complied with and that Board procedures are followed.

BOARD COMPOSITION

The Board consists of four independent non-executive Directors, all of whom are independent of the Company's Investment Manager, including the Chairman, one non-independent non-executive Director and one non-independent Director appointed by the Investment Manager. The independent non-executive Directors and the non-independent non-executive Director have a breadth of investment, business and financial skills and experience relevant to the Company's business and brief biographical details on each Director are set out on page 54. The current Board is deemed to comply with the guidelines determined, and reflecting the skills and requirements considered necessary to carry the Company forward.

TENURE

Independent and non-independent non-executive Directors are initially appointed until the following annual general meeting ("AGM") when, under the Company's Memorandum and Articles of Association (the "Articles"), it is required that they be elected by shareholders. Thereafter they may stand for re-election on an annual basis. The non-independent Director may stand for re-election on an annual basis, too, even though the Articles do not explicitly require this.

The Board does not believe that length of service itself necessarily disqualifies a Director from seeking re-election but, when making a recommendation, the Board will take into account the ongoing requirements of the Company, including the need to refresh the Board. To deal with audit and valuation issues as well as with conflicts and compliance issues, the Company has appointed an Audit Committee for these purposes. To deal with the appointment and remuneration of directors, the Company has appointed a Nomination and Remuneration Committee. The Investment Manager routinely reports to these Committees. As at the year end, there were no issues of substance.

MANAGEMENT

The Board considers the arrangements for the provision of investment management and other services to the Company on an ongoing basis. 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. In addition, the Directors have expressed their satisfaction with the quality of the administrative and other services provided by the Administrator and Custodian.

RISK MANAGEMENT AND INTERNAL CONTROL

The key risks facing the Company are disclosed in Note 17 to the consolidated financial statements. These risks are monitored as part of the normal oversight process. Risk management and the operation of the internal control systems within the Company are primarily the responsibility of the Investment Manager, who operates under commercial independence with flexibility to ensure that risks are clearly managed and that systems of control operate effectively. The Investment Manager monitors activities on a daily basis and ensures that the appropriate controls are exercised over the Company's assets. The systems of internal control operated by the Company are designed to manage rather than eliminate risk of failure in achieving its objectives, and will only provide reasonable and not absolute assurance against material misstatement or loss.

GOVERNANCE (CONTINUED)

RELATIONS WITH SHAREHOLDERS

The Board regularly monitors the shareholder profile of the Company. It aims to provide shareholders with a full understanding of the Company's activities and performance and reports formally to shareholders once a year by way of the annual report. This is supplemented by weekly and monthly reports of the NAV of the Company's shares. During the year, the Investment Manager holds regular discussions with larger shareholders. The Directors are made fully aware of their views. The Chairman and Directors make themselves available as and when required to address shareholder queries. The Company's annual report is published in time to give shareholders generous notice of the AGM. Shareholders wishing to raise questions in advance of the meeting are encouraged to write to the Company Administrator at the address shown on page 53.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

With investing activities that are centered principally on Vietnam, and extend to other Asian Frontier markets, Dragon Capital Group ("DCG") affirms that its operations have inherent Environmental, Social and Governance ("ESG") risks. These risks stem from economies with large natural resource sectors and extensive agribusiness exports, and from conglomerate corporate structures that exist in a nascent governance environment.

As of 2015, the DCG's approach to ESG is to accept that such risks exist, to understand what those risks are, and to manage exposure to them. In this sense, ESG is viewed as an opportunity to engage with companies and governments seeking to promote improved practices. This is a fundamental tenet of DCG's approach to responsible investing. Management of ESG risk is, in turn, a key component of DCG's overall risk management system.

Guiding the DCG's approach are the UN Principles of Responsible Investment ("UNPRI") to which DCG signed up in 2013. The UNPRI asserts general principles that guide ESG management systems.

DCG's activities span public and private equity as well as debt markets, and the full range of industries within them. This creates numerous potential ESG flash points in our portfolios. DCG has evolved an internal management system, at the core of which is a rigorous screening methodology redefined in 2014. For corporate governance, a separate screening methodology was tailored by DCG.

A process of screening all companies in the investment universe and/or pipeline for ESG risk precedes any investment discussion and recommendation. Screening covers sector risk, company risk, managed risk and knowledge gaps; and results in an assessment of risk exposure. DCG seeks to minimize investment in companies with high risks and monitors ESG risk at DCG level, and at the fund level, the sector level, and the investee level.

Subsequent to investment, portfolio managers and analysts (under co-ordination by the ESG core team) are responsible for ongoing management of ESG risk events, and overall risk is presented and discussed at every meeting of fund Boards. DCG has three possible courses of action in responding to ESG risks: to avoid investment, to engage with management, and to divest.

VOTING POLICY

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

GOVERNANCE (CONTINUED)

ANNUAL GENERAL MEETING SUMMARY

24 November 2014
Ordinary resolutions

1) Receipt and Adoption of the audited financial statements for the year ended 31 December 2013 together with the auditor's and Directors' reports thereon;
2) Re-appointment of KPMG Ltd of Vietnam as auditor of the Company and authorisation of the board to fix their remuneration;
3) Re-election of Wolfgang Bertelsmeier as a Director of the Company;
4) Re-election of Derek Eu-Tse Loh as a Director of the Company;
5) Re-election of Farida Khambata as a Director of the Company; and
6) Re-election of Dominic Scriven as a Director of the Company;

All ordinary resolutions were passed by the required majority on a poll vote.

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Vietnam Enterprise Investments Limited (the "Company") present their report and the audited consolidated financial statements of the Company and its subsidiaries and joint operation (together referred to as the "Group") for the year ended 31 December 2014.

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 are listed on the Irish Stock Exchange. The principal activity of the Company is investing directly or indirectly in a diversified portfolio of listed and unlisted securities in Vietnam.

RESULTS AND DIVIDENDS

The Group's consolidated profit for the year ended 31 December 2014 and its consolidated financial position at that date are set out in the attached consolidated financial statements. The Directors have taken the decision not to pay a dividend in respect of the year ended 31 December 2014 (2013: Nil).

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in the consolidated statement of changes in equity and in Note 11 to the consolidated financial statements. The Company had 150,910,053 Redeemable Shares and 1,000 Management Shares outstanding as at 31 December 2014 (31 December 2013: 154,294,023 Redeemable Shares and 1,000 Management Shares).

DIRECTORS

The Directors of the Company during the year were:

Non-executive Directors:	**Independent non-executive Directors:**	
Dominic Scriven	Derek Eu-Tse Loh	Gordon Lawson (since 8 July 2014)
Farida Khambata	Wolfgang Bertelsmeier	Susie Rippingall (since 8 July 2014)

In accordance with Article 91 of the Company's 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"). Wolfgang Bertelsmeier, Derek Eu-Tse Loh and Farida Khambata were duly re-appointed at the AGM held on 24 November 2014 following the expiry of their respective term. Dominic Scriven also submitted himself for re-election, even though the Articles did not explicitly require him to stand for 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 has indirect interests in the share capital of the Company as he is a shareholder of Dragon Capital Group Limited, which is the parent company of Dragon Capital Limited which holds the Management Shares of the Company. Dragon Capital Group Limited is also the ultimate parent company of Dragon Capital Markets Limited and Enterprise Investment Management Limited, the Investment Manager of the Company. As at 31 December 2014, Dragon Capital Markets Limited beneficially held 1,911,915 Redeemable Shares of the Company for investment and proprietary trading purposes (31 December 2013: 2,424,776 Redeemable Shares). Susan Rippingall, a Director of the Fund, is a beneficial shareholder of the Company, holding 10,160 redeemable shares of the Company as at 31 December 2014 (31 December 2013: nil).

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 has indirect interests in the investment management agreement between the Company and Enterprise Investment Management Limited where he is a Director. There were no further contracts of significance in relation to the Company's business in which a Director of the Company had a material interest, whether directly or indirectly, at the end of the year or at any time during the year.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

SUBSTANTIAL SHAREHOLDERS

At 31 December 2014, before repurchase of shares, the Company's register of shareholders showed that the following shareholders held more than a 10% interest in the issued Redeemable Share capital of the Company.

Registered shareholders	Number of Redeemable Shares held	% of total Redeemable Shares in issue
Citivic Nominees Limited	119,590,965	68.80
Clearstream Banking S.A.	54,222,034	31.19
	173,812,999	99.99

At 31 December 2014, the number of Redeemable Shares held by the registered shareholders above was different with the outstanding issued share capital in circulation due to the Redeemable Shares which were bought back as set out in Note 11 to the consolidated financial statements.

SUBSEQUENT EVENTS

Details of the significant subsequent events of the Group are set out in Note 19 to the consolidated financial statements.

AUDITORS

KPMG Limited, Vietnam

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible for ensuring that the consolidated financial statements of the Group are properly drawn up so as to give a true and fair view of the consolidated financial position of the Group as at 31 December 2014 and of the consolidated financial performance and the consolidated cash flows for the year then ended. When preparing these consolidated 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 ("IFRSs") 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 consolidated financial statements;
- Maintain adequate accounting records and an effective system of internal controls;
- Prepare the consolidated financial statements on a going concern basis unless it is inappropriate to assume that the Group will continue its operations in the foreseeable future; and
- Control and direct effectively the Group in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the consolidated financial statements.

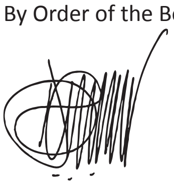
The Board of Directors is also responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Group. It is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps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

The Board of Directors confirms that they have complied with the above requirements in preparing the consolidated financial statements.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors hereby approves the accompanying consolidated financial statements which give a true and fair view of the consolidated financial position of the Group as of 31 December 2014, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRSs.

By Order of the Board



Dominic Scriven, OBE
Director
Vietnam Enterprise Investments Limited
13 April 2015

KPMG Limited Branch
10th Floor, Sun Wah Tower
115 Nguyen Hue Street
District 1, Ho Chi Minh City
The Socialist Republic of Vietnam

Telephone +84 (8) 3821 9266
Fax +84 (8) 3821 9267
Internet www.kpmg.com.vn

INDEPENDENT AUDITORS' REPORT

To the Shareholders
Vietnam Enterprise Investments Limited

We have audited the accompanying consolidated financial statements of Vietnam Enterprise Investments Limited ("the Company") and its subsidiaries and joint operation (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2014, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, as set out on pages 31 to 52.

Management's responsibility for the consolidated financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2014, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG Limited

KPMG Limited
Ho Chi Minh City, Vietnam

13 April 2015

VIETNAM ENTERPRISE INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Note	31 December 2014 US$	31 December 2013 US$	Change in %
CURRENT ASSETS				
Financial assets at fair value through profit or loss	7	510,131,420	441,220,340	
Other receivables		259,338	680,192	
Balances due from brokers	8	1,147,850	1,788,564	
Cash and cash equivalents	9	4,479,379	34,809,633	
		516,017,987	478,498,729	7.84
CURRENT LIABILITIES				
Accounts payable and accruals	10	1,366,603	4,096,075	
Balances due to brokers	8	1,689,021	865,105	
		3,055,624	4,961,180	(38.41)
NET ASSETS		512,962,363	473,537,549	8.33
EQUITY				
Issued share capital	11	1,509,110	1,542,950	
Share premium	11	306,547,207	315,985,235	
Retained earnings		204,906,046	156,009,364	
TOTAL EQUITY		512,962,363	473,537,549	8.33
NUMBER OF REDEEMABLE SHARES IN ISSUE	11	150,910,053	154,294,023	
NET ASSET VALUE PER REDEEMABLE SHARE	12	3.40	3.07	10.75

Approved by the Board of Directors on 13 April 2015.

Dominic Scriven, OBE
Director
Vietnam Enterprise Investments Limited
13 April 2015

The accompanying notes are an integral part of these consolidated financial statements

VIETNAM ENTERPRISE INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Note	2014 US$	2013 US$
INCOME			
Bank interest income		146,247	75,802
Bond interest income		4,099	-
Dividend income		15,867,662	17,029,889
Net changes in fair value of financial assets at fair value through profit or loss		4,754,730	57,709,045
Gains on disposals of investments		39,404,531	39,486,112
Other income		674,177	365,342
TOTAL INCOME		60,851,446	114,666,190
EXPENSES			
Administration fees	13	(461,497)	(426,045)
Custodian fees	13	(389,335)	(254,061)
Directors' fees	13	(129,167)	(135,075)
Management fees	13	(10,485,290)	(9,359,296)
Withholding taxes		(7,494)	(3,492)
Legal and professional fees		(140,379)	(218,042)
Other operating expenses		(221,540)	(187,610)
TOTAL EXPENSES		(11,834,702)	(10,583,621)
NET PROFIT BEFORE EXCHANGE LOSSES		49,016,744	104,082,569
EXCHANGE LOSSES			
Net foreign exchange losses		(120,062)	(104,247)
PROFIT BEFORE TAX		48,896,682	103,978,322
Income tax	14	-	-
NET PROFIT AFTER TAX FOR THE YEAR		48,896,682	103,978,322
Other Comprehensive Income for the year		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		48,896,682	103,978,322
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE REDEEMABLE SHAREHOLDERS		48,896,682	103,978,322
BASIC EARNINGS PER REDEEMABLE SHARE	15	0.32	0.64

The accompanying notes are an integral part of these consolidated financial statements

VIETNAM ENTERPRISE INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Issued share capital US$	Share premium US$	Retained earnings US$	Total US$
Balance at 1 January 2013	1,684,884	347,835,682	52,031,042	401,551,608
Total comprehensive income for the year:				
Net profit for the year	-	-	103,978,322	103,978,322
Transactions with shareholders, recognised directly in equity:				
Repurchase of Redeemable Shares	(141,934)	(31,850,447)	-	(31,992,381)
Balance at 1 January 2014	1,542,950	315,985,235	156,009,364	473,537,549
Total comprehensive income for the year:				
Net profit for the year	-	-	48,896,682	48,896,682
Transactions with shareholders, recognised directly in equity:				
Repurchase of Redeemable Shares	(33,840)	(9,438,028)	-	(9,471,868)
Balance at 31 December 2014	1,509,110	306,547,207	204,906,046	512,962,363

The accompanying notes are an integral part of these consolidated financial statements

VIETNAM ENTERPRISE INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Note	2014 US$	2013 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		48,896,682	103,978,322
Adjustments for:			
Bank interest income		(146,247)	(75,802)
Bond interest income		(4,099)	-
Dividend income		(15,867,662)	(17,029,889)
Net changes in fair value of financial assets at fair value through profit or loss		(4,754,730)	(57,709,045)
Gains on disposals of investments		(39,404,531)	(39,486,112)
		(11,280,587)	(10,322,526)
Changes in other receivables and balances due from brokers		640,714	(1,716,457)
Changes in balances due to brokers and accounts payable and accruals		270,604	850,078
		(10,369,269)	(11,188,905)
Proceeds from disposals of investments		168,458,367	84,462,334
Purchases of investments		(193,210,186)	(34,435,699)
Bank interest income received		150,585	71,464
Dividends received		16,288,277	16,354,045
Net cash (used in)/generated from operating activities		(18,682,226)	55,263,239
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for repurchase of Redeemable Shares		(11,648,028)	(29,527,381)
Net cash used in financing activities		(11,648,028)	(29,527,381)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(30,330,254)	25,735,858
Cash and cash equivalents at the beginning of the year		34,809,633	9,073,775
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	9	4,479,379	34,809,633

	2014 US$	2013 US$
NON-CASH FINANCING ACTIVITIES		
Repurchase of Redeemable Shares has not been paid	288,840	2,465,000

The accompanying notes are an integral part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

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

1. THE COMPANY

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

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 Redeemable Shares are listed on the Irish Stock Exchange. The Company is established for an unlimited duration. At the AGM held on 5 October 2012, a special resolution to wind up the Company ("Wind Up Resolution") on 31 December 2014 was put to the meeting but was not passed. At the same AGM, a special resolution was passed to amend the Articles to lengthen the interval between the Wind Up Resolutions as required by the Articles from two yearly periods to five yearly periods. Therefore, the next Wind Up Resolution will be put to shareholders at the AGM in 2017 to wind up the Company effective 31 December 2019.

As at 31 December 2014 and 2013, the Group had no employees. The audited consolidated financial statements of the Group as at and for the year ended 31 December 2014 comprise the financial statements of the Company and its subsidiaries and joint operation.

As at 31 December 2014 and 2013, the Company had the following investments in subsidiaries and joint operation, for the purpose of investment holding:

Subsidiaries and joint operation	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%
Dragon Financial Holdings Limited	British Virgin Islands	Investment holding	90%
Rickmansworth Limited	British Virgin Islands	Investment holding	100%
Geffen Limited	British Virgin Islands	Investment holding	100%
VEIL Cement Limited	British Virgin Islands	Investment holding	100%
VEIL Estates Limited	British Virgin Islands	Investment holding	100%
VEIL Industries Limited	British Virgin Islands	Investment holding	100%
VEIL Infrastructure Limited	British Virgin Islands	Investment holding	100%
VEIL Paper Limited	British Virgin Islands	Investment holding	100%

2. BASIS OF PREPARATION

(a) Statement of compliance

The Group's consolidated financial statements as at and for the year ended 31 December 2014 have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

The consolidated financial statements were authorised for issue by the Board of Directors on 13 April 2015.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for investment in securities classified as financial assets at fair value through profit or loss which are measured at fair value. The methods used to measure fair values are described in Note 4.

(c) Functional and presentation currency

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

2. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected. 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 consolidated financial statements are discussed as follows:

Impairment of receivables

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

Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each reporting date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by entities in the Group.

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries and joint operation (together referred to as the "Group").

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date when control ceases.

All intra-group balances and significant intra-group transactions and resulting unrealised profits or losses (unless losses provide evidence of impairment) are eliminated on consolidation.

Joint operation

Joint operation is a joint arrangement whereby the Group has joint control and rights to the assets and obligations for the liabilities relating to the arrangement. The Group recognises its share of assets, liabilities and transactions in respect of its interests in the joint operation in its consolidated statement of financial position and in the statement of profit or loss and other comprehensive income.

(b) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the Group entities at the exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange rates at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the exchange rate at the date when the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss as net foreign exchange profit or loss, except for those arising on financial instruments at fair value through profit or loss, which are recognised as a component of a net gain or loss from financial instruments at fair value through profit or loss.

(c) Financial assets

Financial assets, other than hedging instruments, are divided into the following categories: loans and receivables, and financial assets at fair value through profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Board of Directors determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired. Financial assets are designated on the basis that their fair value can be reliably measured and their performance has been evaluated on a fair value basis in accordance with the risk management and/or the investment strategy.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instruments. Financial assets are recognised initially at fair value, plus, in the case of investments not designated as at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the contractual rights to receive the cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership of the financial assets have been transferred. At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exits, any impairment loss is determined and recognised based on the classification of the financial assets.

Financial assets of the Group consist primarily of cash and cash equivalents, financial assets at fair value through profit or loss, other receivables and balances due from brokers.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or are designated to be carried at fair value through profit or loss upon initial recognition. By definition, all derivative financial instruments that do not qualify for hedge accounting fall into this category. Other financial assets at fair value through profit or loss held by the Group include listed and unlisted securities. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Any gain or loss arising from financial instruments is based on changes in fair value.

Regular purchases and sales of investments are recognised on the trade date – the date on which the Group commits to purchase or sell the investment.

The fair value of listed investments is determined based on quoted market prices on a recognised exchange or sourced from reputable brokers/counterparties in the case of non-exchange trade instruments at the reporting date without any deduction for estimated selling costs. Unlisted investments for which an active over-the-counter market exists are stated at fair value based upon the average price quotations received from two independent brokers.

Where no quotes or insufficient quotes are available, the Board of Directors will decide the appropriate method(s) for the estimation of fair value of the relevant asset(s). The Board of Directors will take into account all factors they consider relevant, which may include valuation methodologies or guidelines, such as the European Venture Capital Association guidelines for the valuation of private equity and venture capital investments, where appropriate.

Loans and receivables

Cash and cash equivalents

Cash and cash equivalents comprise cash on demand and time deposits which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired and form an integral part of the Group’s cash management.

Other receivables and balances due from brokers

Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less allowance for impairment. The Group's most other receivables fall into this category of financial instruments.

Other receivables and balances due from brokers are reviewed for impairment on a case-by-case basis when they are overdue at the reporting date or when objective evidence is received that a specific counterparty may default.

(d) Financial liabilities

The Group’s financial liabilities include accounts payable and accruals and balances due to brokers.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instruments. All interest related charges are recognised as an expense in finance costs in profit or loss. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Accounts payable and accruals and balances due to brokers are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest rate method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Share capital

Issuance of share capital

Management Shares and Redeemable 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 share capital

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 deduction from share capital and the excess over par value of repurchased shares is presented as deductions from share premium. When repurchased shares are sold or reissued subsequently, the amount received is recognised as an increase in share capital and share premium similar with issuance of share capital.

Redemption of share capital

The Group may from time to time redeem all or any portion of the Ordinary Shares held by the shareholders at the redemption price determined by reference to the Net Asset Value ("NAV") per Ordinary Shares as at the applicable NAV determination date. All redeemed shares are canceled. The accounting policies for share redemption are similar to those applied for share repurchases.

(f) Impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

(g) Provisions

Provisions are recognised when it is probable that present obligations will lead to an outflow of economic resources from the Group and the amount can be reliably estimated. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events. Provisions are not recognised for future operating losses. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Long-term provisions are discounted to their present value, where the time value of money is material.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate of the Directors.

(h) Revenue recognition

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

a) Dividend income is recognised when the Group's right to receive the dividend has been established; and
b) Interest income from banks and others is recognised when it accrues using the original effective interest rate of the instruments calculated at the origination date.

(i) Net changes in fair value of financial instruments at fair value through profit or loss

Net changes from financial instruments at fair value through profit or loss include all realised and unrealised fair value changes.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Expenses

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

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

The Group presents basic earnings per share ("EPS") for its Redeemable Shares. Basic EPS is calculated by dividing net profit attributable to the Redeemable Shareholders of the Company by the weighted average number of Redeemable Shares outstanding during the year. The Company did not have potentially dilutive shares as of 31 December 2014 and 2013.

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

(l) Related parties

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

a) The party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group, or (iii) has joint control over the Group;
b) The party is an associate;
c) The party is a joint venture in which the Group is a venturer;
d) The party is a member of the key management personnel of the Group;
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 Group, or of any entity that is related party of the Group.

Other investment companies/funds under the management of Dragon Capital Management Limited (the "Investment Manager"), the parent company of the Investment Manager, or entities of Dragon Capital Group Limited are also considered related parties to the Group.

(m) Segment reporting

The Group is organised and operates as one operating segment. Consequently, no segment reporting is provided in the Group's consolidated financial statements.

(n) New standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statements.

(i) IFRS 9 *Financial Instruments*

IFRS 9, published in July 2014, will replace the existing guidance in IAS 39. It includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. Based on the initial assessment, this standard is not expected to have a material impact on the Group.

(ii) Amendment to IAS 24

Annual improvements to IFRSs 2010-2012 Cycle – Amendment to IAS 24, issued in December 2013, extends the definition of a related party to include a management entity that provides key management personnel services to the reporting entity. The amendment specifies that if key management personnel services are provided by a management entity, then the reporting entity is required to separately disclose the amounts incurred for the provision of key management personnel services that are provided by that management entity. However, the reporting entity is not required to look through the management entity and disclose compensation paid by the management entity to its employees and directors.

An entity applies the amendment for annual periods beginning on or after 1 July 2014. Earlier application is permitted. As the Group is already disclosing this information, the amendment will not have an impact on the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted. The Group is assessing the potential impact on its financial statements resulting from the application of IFRS 15. This standard is not expected to have a material impact on the Group.

4. DETERMINATION OF FAIR VALUE

Valuation models

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or broker price quotations.

For all other financial instruments, the Group determines fair values using other valuation techniques. The Directors use their judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. Investments in investment funds classified as financial assets at fair value through profit or loss are recorded at the NAV per share as reported by the administrator of such funds when the NAVs of the investment funds are calculated in a manner consistent with IFRSs.

In accordance with IFRS 13, the Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined with reference to the observability and significance of the inputs used in the valuation technique. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Group. The Group considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Such observable data includes, among other things, the published NAV of the investment funds where the NAV can be transacted upon on the measurement date.

Fair value hierarchy – Financial instruments measured at fair value

The table below analyses 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 consolidated statement of financial position. All fair value measurements below are recurring.

31 December 2014	**Level 1**	**Level 2**	**Level 3**	**Total**
	US$	**US$**	**US$**	**US$**
Financial assets at fair value through profit or loss	507,018,791	774,815	2,337,814	510,131,420
31 December 2013				
Financial assets at fair value through profit or loss	439,645,830	1,574,510	-	441,220,340

The following table presented the movements in Level 3 instruments for the year ended 31 December 2014 and 2013 by class of financial instruments:

4. DETERMINATION OF FAIR VALUE (CONTINUED)

	2014 US$	2013 US$
Opening balance	-	71,892,506
Sales	-	(5,234,274)
Purchases	2,338,087	2,579
Transferred to Level 1	-	(53,569,363)
Transferred to Level 2	-	(1,574,510)
Losses recognised in profit or loss	(273)	(11,516,938)
Closing balance	2,337,814	-
Total losses for the year included in net changes in fair value of financial assets at fair value through profit or loss	(273)	(11,516,938)

These losses are recognised in profit or loss as net changes in fair value of financial assets at fair value through profit or loss.

Financial instruments not measured at fair value through profit or loss

The financial instruments not measured at fair value through profit or loss are short-term financial assets and financial liabilities whose carrying amounts approximate fair values.

All financial instruments not measured at fair value through profit or loss as at 31 December 2014 and 2013 were categorised in Level 2.

5. TRANSACTIONS WITH RELATED PARTIES

Dominic Scriven has indirect interests in the share capital of the Company as he is a shareholder of Dragon Capital Group Limited, which is the parent company of Dragon Capital Limited which holds the Management Shares of the Company. Dragon Capital Group Limited is also the ultimate parent company of Dragon Capital Markets Limited and Enterprise Investment Management Limited, the Investment Manager of the Company. As at 31 December 2014, Dragon Capital Markets Limited beneficially held 1,911,915 Redeemable Shares of the Company for investment and proprietary trading purposes (31 December 2013: 2,424,776 Redeemable Shares).

During the year, the Directors, with the exception of Dominic Scriven, earned US$129,167 (2013: US$135,075) for their participation on the Board of Directors of the Company.

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.

6. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

As at 31 December 2014	Loans and receivables US$	Designated at fair value US$	Other amortised cost US$	Total carrying amount US$
ASSETS				
Financial assets at fair value through profit or loss	-	510,131,420	-	510,131,420
Other receivables	259,338	-	-	259,338
Balances due from brokers	1,147,850	-	-	1,147,850
Cash and cash equivalents	4,479,379	-	-	4,479,379
	5,886,567	510,131,420	-	516,017,987
LIABILITIES				
Accounts payable and accruals	-	-	1,366,603	1,366,603
Balances due to brokers	-	-	1,689,021	1,689,021
	-	-	3,055,624	3,055,624

6. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

As at 31 December 2013	Loans and receivables US$	Designated at fair value US$	Other amortised cost US$	Total carrying amount US$
ASSETS				
Financial assets at fair value through profit or loss	-	441,220,340	-	441,220,340
Other receivables	680,192	-	-	680,192
Balances due from brokers	1,788,564	-	-	1,788,564
Cash and cash equivalents	34,809,633	-	-	34,809,633
	37,278,389	441,220,340	-	478,498,729
LIABILITIES				
Accounts payable and accruals	-	-	4,096,075	4,096,075
Balances due to brokers	-	-	865,105	865,105
	-	-	4,961,180	4,961,180

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2014 US$	31 December 2013 US$
Listed investments:		
Investments, at cost	311,125,269	257,323,197
Unrealised gains	178,715,263	175,294,380
At fair value	489,840,532	432,617,577
Unlisted investments:		
Investments, at cost	21,605,262	11,250,984
Unrealised losses	(1,314,374)	(2,648,221)
At fair value	20,290,888	8,602,763
Total investments at fair value	510,131,420	441,220,340

As at 31 December 2014, the Group held the following listed and unlisted investments:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2014

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Listed investments	Sector	Fair value US$	NAV %
Vietnam listed equities			
Vinamilk	Food & Beverage	71,423,623	13.92
Hoa Phat Group	Materials & Resources	53,794,744	10.49
Masan Group	Diversified Financials	52,790,262	10.29
ACB	Banks	41,409,645	8.07
REE	Real Estate	38,438,374	7.49
SSI	Diversified Financials	31,585,337	6.16
FPT	Software & Services	29,255,656	5.70
Kinh Bac City	Real Estate	20,382,131	3.97
Hau Giang Pharma	Pharmaceuticals	16,867,592	3.29
Vietcombank	Banks	16,669,534	3.25
Phu Nhuan Jewelry	Consumer Durables	13,882,084	2.71
Khang Dien House	Real Estate	11,848,994	2.31
Hoa Sen Group	Materials & Resources	11,066,195	2.16
GAS	Energy	10,665,039	2.08
Ha Do Group	Real Estate	10,045,299	1.96
Military Bank	Banks	7,769,000	1.51
BCCI	Real Estate	7,673,872	1.50
Mobile World	Retail	7,614,532	1.48
Vingroup	Real Estate	7,402,346	1.44
PTSC	Energy	7,339,314	1.43
Gemadept	Transportation	6,161,135	1.20
Sacom	Diversified Financials	5,150,602	1.00
Phu My Fertilizer	Materials & Resources	4,185,344	0.82
Sudico	Real Estate	3,989,360	0.78
PV Drilling	Energy	1,928,893	0.38
Kinh Do	Food & Beverage	501,625	0.10
Total listed investments at fair value		489,840,532	95.49

Unlisted investments	Sector	Fair value US$	NAV %
OTC equities			
Vinatex	Consumer Durables	7,714,787	1.50
Hoang Anh Rubber	Materials & Resources	5,470,485	1.07
Ca Mau Fertilizer	Materials & Resources	3,992,987	0.78
		17,178,259	3.35
Private equities			
VFMVF2	Funds	774,815	0.15
Unlisted bonds			
Kinh Bac City CB 8% 23/12/2017	Real Estate	2,337,814	0.46
Total unlisted investments at fair value		20,290,888	3.96
TOTAL INVESTMENTS AT FAIR VALUE		510,131,420	99.45

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

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

Issuers:	Held by:
ACB	Dragon Financial Holdings Limited
BCCI	Venner Group Limited
	Wareham Group Limited
Ca Mau Fertilizer	Wareham Group Limited
FPT	Grinling International Limited
	Venner Group Limited
	Wareham Group Limited
Gemadept	Grinling International Limited
Ha Do Group	Venner Group Limited
	Wareham Group Limited
Hau Giang Pharma	Grinling International Limited
	Wareham Group Limited
Hoa Phat Group	Grinling International Limited
	Wareham Group Limited
Hoa Sen Group	Grinling International Limited
	VEIL Holdings Limited
Hoang Anh Rubber	Grinling International Limited
	Wareham Group Limited
Khang Dien House	Grinling International Limited
	Venner Group Limited
	Wareham Group Limited
Kinh Bac City	Grinling International Limited
Military Bank	VEIL Holdings Limited
	Wareham Group Limited
Phu My Fertilizer	Grinling International Limited
	VEIL Holdings Limited
Phu Nhuan Jewelry	Venner Group Limited
	Wareham Group Limited
PTSC	Grinling International Limited
	Venner Group Limited
PV Drilling	Wareham Group Limited
GAS	Grinling International Limited
	Wareham Group Limited
REE	Venner Group Limited
	VEIL Holdings Limited
	Wareham Group Limited
Sacom	Grinling International Limited
	VEIL Holdings Limited
SSI	Grinling International Limited
	Venner Group Limited
	VEIL Holdings Limited
	Wareham Group Limited
Sudico	Wareham Group Limited
VFMVF2	Grinling International Limited
Vietcombank	Grinling International Limited
	Wareham Group Limited
Vinamilk	Grinling International Limited
Vinatex	Grinling International Limited
	VEIL Holdings Limited
	Wareham Group Limited
Vingroup	Wareham Group Limited

8. BALANCES DUE FROM/TO BROKERS

	31 December 2014 US$	31 December 2013 US$
Balances due from brokers		
Sale transactions awaiting settlement	1,147,850	1,788,564
Balances due to brokers		
Purchase transactions awaiting settlement	1,689,021	865,105

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

9. CASH AND CASH EQUIVALENTS

	31 December 2014 US$	31 December 2013 US$
Cash on demand	4,479,379	31,966,705
Time deposit	-	2,842,928
	4,479,379	34,809,633

10. ACCOUNTS PAYABLE AND ACCRUALS

	31 December 2014 US$	31 December 2013 US$
Management fees	924,954	845,551
Redemption share payables	288,840	2,465,000
Custodian fees	30,297	-
Administration fees	47,222	37,322
Other payables	75,290	748,202
	1,366,603	4,096,075

11. ISSUED SHARE CAPITAL AND SHARE PREMIUM

	31 December 2014 US$	31 December 2013 US$
Authorised		
500,000,000 Redeemable 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		
173,823,000 (31 December 2013: 173,823,000) Redeemable Shares at par value of US$0.01 each	1,738,230	1,738,230
1,000 Management Shares at par value of US$0.01 each	10	10
	1,738,240	1,738,240
Treasury shares		
Redeemable shares	(229,130)	(195,290)
Shares in circulation		
Redeemable Shares	1,509,100	1,542,940
Management Shares	10	10
Outstanding issued share capital in circulation	1,509,110	1,542,950

Holders of Redeemable Shares present in person or by proxy or by authorised representative shall have one vote and, on a poll, every holder of Redeemable Shares present in person or by proxy or by authorised representative shall have one vote for every Redeemable Share of which he is the registered holder. The Redeemable Shares carry rights to dividends as set out in Articles 106 to 114 of the Articles. In a winding up, the Redeemable Shares carry a right to a return of the nominal capital paid up in respect of such Redeemable 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 Redeemable 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 Redeemable Shares has the right to request the redemption of any of his Redeemable Shares at his option.

The Conversion Shares carry the exclusive right to dividends in respect of assets attributable to the Conversion Shares, in accordance with the provisions of Articles 106 to 114. No dividend or other distribution shall be declared, made or paid by the Company on any of its shares by reference to a record date falling between the Calculation Date and the Conversion Date as set out in the Articles. The new Redeemable Shares to be issued on conversion shall rank in full pari passu with the existing Redeemable 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 Redeemable Shares and Deferred Shares immediately prior to the winding up, on the same basis as if conversion had occurred 28 business days after the calculation date arising as a result of the resolution or the court to wind up the Company.

Until conversion, the consent of the holders of the Conversion Shares voting as a separate class and the holders of the Redeemable 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 2014 and 2013.

11. ISSUED SHARE CAPITAL AND SHARE PREMIUM (CONTINUED)

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 Redeemable 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. The holders of the Management Shares also have the exclusive right to nominate the individuals it has appointed to the Board as executive Directors of the Company at any time the Company does not have an investment manager or at any time that such investment manager is unrelated to the holders of the Management Shares.

Following the Company's announcement on 11 June 2010 regarding repurchase of Redeemable Shares, during the year, the Company purchased through Rickmansworth Limited, a wholly owned subsidiary of the Company, 3,383,970 Redeemable Shares issued and outstanding of the Company at an average price of US$2.799 (in 2013: 14,193,397 Redeemable Shares at an average price of US$2.254). Shares purchased will, for as long as they are held by Rickmansworth Limited, be held for the benefit of the Company.

The following shareholders each owned more than 10 percent of the Company's issued capital:

	Holding as at 31 December 2014		Holding as at 31 December 2013	
	Shares	%	Shares	%
Citivic Nominees Limited	119,590,965	68.80	128,217,004	73.76
Clearstream Banking S.A.	54,222,034	31.19	45,595,995	26.23

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

	2014		2013	
	Shares	US$	Shares	US$
Balance at the beginning of the year	154,294,023	1,542,940	168,487,420	1,684,874
Redeemable Shares repurchased during the year	(3,383,970)	(33,840)	(14,193,397)	(141,934)
Balance at the end of the year	150,910,053	1,509,100	154,294,023	1,542,940

Movements in share premium during the year were as follows:

	2014	2013
	US$	US$
Balance at the beginning of the year	315,985,235	347,835,682
Share premium from Redeemable Shares repurchased during the year	(9,438,028)	(31,850,447)
Balance at the end of the year	306,547,207	315,985,235

12. NET ASSET VALUE PER REDEEMABLE SHARE

The calculation of the NAV per Redeemable Share was based on the net assets attributable to the Redeemable Shareholders of the Company as at 31 December 2014 of US$512,962,363 (31 December 2013: US$473,537,549) and the number of outstanding Redeemable Shares in issue as at that date of 150,910,053 shares (31 December 2013: 154,294,023 shares).

13. FEES

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

Management fees

The Investment Manager is entitled to receive a management fee at 2% per annum of the NAV, payable monthly in arrears on the first business day of such month and calculated by reference to the NAV at the end of the preceding month. During the year, total management fees amounted to US$10,485,290 (2013: US$9,359,296). As at 31 December 2014, a management fee of US$924,954 (31 December 2013: US$845,551) remained payable to the Investment Manager.

Incentive fees

The Investment Manager, under certain circumstances, is entitled to an incentive fee, payable in arrears within 14 days after the Board has approved the annual audited consolidated financial statements of the Group in respect of the relevant accounting period. The incentive fee is calculated at a rate of 20% of the relevant amount against which the incentive fee will be calculated ("R"), provided that R is a positive figure and that the value of S in the calculation exceeds the highest value of S by reference to the incentive fee paid in any previous years:

13. FEES (CONTINUED)

R = S – U,

where:

R is the relevant amount against which the incentive fee will be calculated;

S is the NAV of the Redeemable Shares on the last valuation day in that accounting period (adjusted upward by any accruals of incentive fees payable that are reflected in the NAV) plus the NAV of all distributions made in respect of such shares in all prior years (by way of dividend, or return of capital or otherwise);

U is an amount equal to the sum of:

a) The NAV of the Redeemable Shares as at the end of the accounting period in respect of which the most recent incentive fees were actually paid compounded at the rate of 8% per annum with effect from the valuation day by reference to which these incentive fees were calculated; and

b) Either (i) the NAV of the Conversion Shares as at the end of the accounting period in respect of which the most recent incentive fee was actually paid, compounded at the rate of 8% per annum with effect from the valuation day by reference to which that incentive fee was calculated; or (ii) if no incentive fee has previously been due and payable in respect of the Conversion Shares, an amount equal to any amounts of capital raised by the issue of Conversion Shares, exclusive of placing fees, compounded at the rate of 8% per annum with effect from the date of issue of those Conversion Shares until the last valuation day in that accounting period; and

c) Any amount of capital raised by the issue of new Redeemable Shares during the period since the valuation day referred to at (a) above, exclusive of placing fees, compounded at the rate of 8% per annum with effect from the date of issue of those shares until the last valuation day in that accounting period.

In order for the incentive fees to have been payable in respect of the year ended 31 December 2014, the NAV per Redeemable Share of the Company as at 31 December 2014 needed to exceed US$9.31 (31 December 2013: US$8.62). As at 31 December 2014, the NAV per Redeemable Share of the Company was US$3.40 (31 December 2013: US$3.07).

No incentive fee was incurred during the years ended 31 December 2014 and 2013 as the conditions were not met.

Directors' fees

During the year, total directors' fees amounted to US$129,167 (2013: US$135,075). No directors' fees were payable as at 31 December 2014 (31 December 2013: nil). Dominic Scriven has permanently waived his rights to receive directors' fees for his services as Director of the Company.

Administration fees

Standard Chartered Bank (the "Administrator") is entitled to receive a fee of 0.06% (2013: 0.06%) of the gross assets per annum, payable monthly in arrears and subject to a minimum monthly fee. During the year, total administration fees amounted to US$461,497 (2013: US$426,045). As at 31 December 2014, an administration fee of US$47,222 (31 December 2013: US$37,322) was payable to the Administrator.

Custodian fees

Standard Chartered Bank (the "Custodian") is entitled to receive a fee of 0.05% (2013: 0.05%) of the assets under custody per annum, payable monthly in arrears and subject to a minimum monthly fee of US$500 per custody account. In addition, the Custodian is entitled to US$20 per listed transaction and US$10 per script less securities. During the year, total custodian fees amounted to US$389,335 (2013: US$254,061). As at 31 December 2014, a custodian fee of US$30,297 (31 December 2013: nil) was payable to the Custodian.

14. INCOME TAX

Under the current laws of the Cayman Islands and the British Virgin Islands, the Company, its subsidiaries and joint operation are not required to pay any taxes in the Cayman Islands and 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. BASIC EARNINGS PER REDEEMABLE SHARE

The calculation of basic earnings per Redeemable Share for the year was based on the net profit for the year attributable to the Redeemable Shareholders of US$48,896,682 (2013: US$103,978,322) and the weighted average number of Redeemable Shares outstanding of 152,943,904 shares (2013: 162,877,016 shares) in issue during the year.

15. BASIC EARNINGS PER REDEEMABLE SHARE (CONTINUED)

(a) Net profit attributable to the Redeemable Shareholders

	2014 US$	2013 US$
Net profit attributable to the Redeemable Shareholders	48,896,682	103,978,322

(b) Weighted average number of Redeemable Shares

	2014 in number of shares	2013 in number of shares
Issued Redeemable Shares at the beginning of the year	154,294,023	168,487,420
Effect of Redeemable Shares repurchased during the year	(1,350,119)	(5,610,404)
Weighted average number of Redeemable Shares	152,943,904	162,877,016

(c) Basic earnings per Redeemable Share

	2014 US$	2013 US$
Basic earnings per Redeemable Share	0.32	0.64

16. JOINT OPERATION

The Company has a 90% interest and recognises its share of assets, liabilities and transactions in its consolidated financial statements in respect of its interests in Dragon Financial Holdings Limited.

Included in the consolidated financial statements were the following amounts related to joint operation:

	2014 US$	2013 US$
Statement of financial position		
Financial assets at fair value through profit or loss	41,409,645	42,508,918
Statement of profit or loss and other comprehensive income		
Net changes in fair value of financial assets at fair value through profit or loss	13,244,431	14,343,703

17. FINANCIAL RISK MANAGEMENT

The Group invested in listed and unlisted investments in Vietnam, and may invest elsewhere and is exposed to credit risk, liquidity risk and market risks arising from the financial instruments it holds. The Group 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 Group and its Investment Manager practise portfolio diversification and have adopted a range of appropriate restrictions and policies, including limiting the Group's cash investment in each investment to not more than 20% of the Group's capital at the time of investment. Nevertheless, the markets in which the Group operates and the investments that the Group makes can provide no assurance that the Group will not suffer a loss as a result of one or more of the risks described above, or as a result of other risks not currently identified by the Investment Manager.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet a commitment that it has entered into with the Group.

The Group'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 2014 and 2013, the Group's credit risk arose principally from its investments in unlisted bonds, other receivables, balances due from brokers and cash and cash equivalents.

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

	Note	31 December 2014 US$	31 December 2013 US$
Investments in unlisted bonds	(i)	2,337,814	-
Other receivables	(ii)	259,338	680,192
Balances due from brokers	(ii)	1,147,850	1,788,564
Cash and cash equivalents	(iii)	4,479,379	34,809,633
		8,224,381	37,278,389

(i) Investments in unlisted bonds
Investments in unlisted bonds represented convertible bonds of a listed company in Vietnam. The Directors do not foresee any significant credit risks from these convertible bonds because they will be converted into listed shares.

(ii) Other receivables and balances due from brokers
Other receivables represented dividends receivable from investee companies and bonds interest receivable. Balances due from brokers represented cash receivable on disposal transactions. Credit risk relating to dividends receivable, bonds interest receivable and balances due from brokers was considered as minimal due to the short-term settlement period involved. No receipebles as at 31 December 2014 and 2013 were past due.

(iii) Cash and cash equivalents
The Group's cash and cash equivalents were held mainly with well-known financial institutions. The Directors do not foresee any significant credit risks from these deposits and do not expect that these financial institutions may default and cause losses to the Group.

(b) Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Group manages its liquidity risk by investing primarily in marketable securities. The Group 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 2014 and 2013, all the contractual maturities of non-derivative financial liabilities of the Group 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 Group and the value of its holdings of financial instruments.

(i) 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 Group's investment portfolio. The Group is exposed to equity price risk on all of its listed investments and unlisted equity investments for which an active over-the-counter market exists. The Group'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 Group's listed investments principally relates to investments listed on Vietnam Stock Exchange where a substantial majority of the Group's investments are listed. 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 2014 %	Effects on net assets 2014 US$m	Change in index level 2013 %	Effects on net assets 2013 US$m
Market indices				
VN Index	50	236.46	50	226.93
VN Index	(50)	(236.46)	(50)	(226.93)

Valuation of the Group's unlisted investments is made using the NAV per unit, which means that the unlisted investments are also exposed to equity price risk.

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Interest rate risk

The Group is 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 Group has 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 Group can borrow will affect the operating results of the Group. The Investment Manager monitors the Group's overall interest sensitivity on a monthly basis.

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

31 December 2014	Up to 1 year US$	1 - 5 years US$	Non-interest bearing US$	Total US$
ASSETS				
Investments in unlisted bonds	-	2,337,814	-	2,337,814
Other receivables	-	-	259,338	259,338
Balances due from brokers	-	-	1,147,850	1,147,850
Cash and cash equivalents	4,479,379	-	-	4,479,379
TOTAL ASSETS	4,479,379	2,337,814	1,407,188	8,224,381
LIABILITIES				
Accounts payable and accruals	-	-	(1,366,603)	(1,366,603)
Balances due to brokers	-	-	(1,689,021)	(1,689,021)
TOTAL LIABILITIES	-	-	(3,055,624)	(3,055,624)
NET INTEREST SENSITIVITY GAP	4,479,379	2,337,814	(1,648,436)	5,168,757

At 31 December 2014, a change of 100 basis points in interest rates would have increased or decreased the net assets attributable to the Redeemable Shareholders by US$44,794. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

31 December 2013	Up to 1 year US$	1 - 5 years US$	Non-interest bearing US$	Total US$
ASSETS				
Other receivables	-	-	680,192	680,192
Balances due from brokers	-	-	1,788,564	1,788,564
Cash and cash equivalents	34,809,633	-	-	34,809,633
TOTAL ASSETS	34,809,633	-	2,468,756	37,278,389
LIABILITIES				
Accounts payable and accruals	-	-	(4,096,075)	(4,096,075)
Balances due to brokers	-	-	(865,105)	(865,105)
TOTAL LIABILITIES	-	-	(4,961,180)	(4,961,180)
NET INTEREST SENSITIVITY GAP	34,809,633	-	(2,492,424)	32,317,209

At 31 December 2013, a change of 100 basis points in interest rates would have increased or decreased the net assets attributable to the Redeemable Shareholders by US$319,667. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Cash and cash equivalents are subject to cash flow interest rate risk as they bear floating interest rates.

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Foreign currency risk

The Company's Redeemable Shares are denominated in US$, and shares are issued in this currency. The assets of the Group may, however, be invested in securities and other investments which are denominated in currencies other than US$. Accordingly, the value of such assets may be affected favourably or unfavourably by fluctuations in currency exchange rates. The Investment Manager monitors the Group's currency position on a monthly basis. The currencies giving rise to this risk are primarily Australian Dollar ("AU$") and Vietnamese Dong ("VND").

The table below summarises the Group's exposure to various currencies. All amounts were stated in US$.

	Denominated in	
	AU$	VND
31 December 2014	US$	US$
ASSETS		
Financial assets at fair value through profit or loss	-	510,131,420
Other receivables	-	259,338
Balances due from brokers	-	1,147,850
Cash and cash equivalents	-	3,443,832
TOTAL ASSETS	-	514,982,440
LIABILITIES		
Balances due to brokers	-	(1,689,021)
NET CURRENCY POSITION	-	513,293,419

	Denominated in	
	AU$	VND
31 December 2013	US$	US$
ASSETS		
Financial assets at fair value through profit or loss	427,996	440,792,344
Other receivables	-	680,192
Balances due from brokers	-	1,788,564
Cash and cash equivalents	-	22,696,819
TOTAL ASSETS	427,996	465,957,919
LIABILITIES		
Balances due to brokers		(865,105)
NET CURRENCY POSITION	427,996	465,092,814

At 31 December 2014, had the US$ strengthened or weakened by 10% (31 December 2013: 10%) against the AU$ and VND with all other variables held constant, the net assets attributable to the Redeemable Shareholders would have been decreased or increased by the amounts shown below. This analysis was performed on the same basis as in 2013.

	Denominated in	
	AU$	VND
	US$	US$
2014	-	51,329,342
2013	42,800	46,509,281

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2014

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital management

The Group considers the capital under management as equal to net assets attributable to the Redeemable Shareholders. The Group 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 Group.

18. CONTINGENCIES

Under the current laws of the Cayman Islands and the British Virgin Islands, the Company, its subsidiaries and joint operation are not required to pay any taxes in the Cayman Islands and the British Virgin Islands on either income or capital gains and no withholding taxes will be imposed on distributions to its shareholders or on the winding-up of the Company. The Company is subject to 5% withholding taxes on the interest received from any Vietnamese companies. Dividends remitted by Vietnamese investee companies to foreign investors are not subject to withholding taxes.

Although the Company, its subsidiaries and joint operation are not incorporated in Vietnam, its activities are primarily focused on Vietnam. In accordance with the prevailing tax regulations in Vietnam, if an entity was treated as having a permanent establishment, or as otherwise being engaged in a trade or business in Vietnam, income attributable to or effectively connected with such permanent establishment or trade or business may be subject to tax in Vietnam. As at the date of this report the following information is uncertain:

- Whether the Company, its subsidiaries and joint operation 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 interpretation. The Directors believe that it is unlikely that the Group will be exposed to tax liabilities in Vietnam, and in the worst case, if tax is imposed on income which has arisen in Vietnam it will not be applied retrospectively.

19. SUBSEQUENT EVENTS

Value of assets

As of the date of this report, the aggregate fair value of the Group's financial assets at fair value through profit or loss has decreased by US$13,599,975 to US$496,531,445 from the aggregate fair value of US$510,131,420 as at 31 December 2014 due to a general decline in securities markets in Vietnam. The Directors believe that the decrease is temporary and consequently no adjustment has been made in the consolidated financial statements as at 31 December 2014. The details are as follows:

	Fair value		
	31 December 2014 US$	13 April 2015 US$	Movement US$
Financial assets at fair value through profit or loss			
Listed investments	489,840,532	475,529,458	(14,311,074)
Unlisted investments	20,290,888	21,001,987	711,099
Total financial assets at fair value through profit or loss	510,131,420	496,531,445	(13,599,975)

Repurchase of Redeemable Shares of the Company

Subsequent to the year end, the Company repurchased, through Rickmansworth Limited, 3,153,300 Redeemable Shares of the Company with total value of US$8,791,362. Shares repurchased will, for as long as they are held by Rickmansworth Limited, be held for the benefit of the Company.

20. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 13 April 2015.

ADMINISTRATION

THE COMPANY & REGISTERED OFFICE

Vietnam Enterprise Investments Limited
Maples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

INVESTMENT MANAGER

Enterprise Investment Management Limited
c/o 1901 Me Linh Point
2 Ngo Duc Ke
District 1
Ho Chi Minh City
Vietnam

ADMINISTRATOR & OFFSHORE CUSTODIAN

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

VIETNAM CUSTODIAN

Standard Chartered Bank (Vietnam) Limited
8th Floor
49 Hai Ba Trung
Hanoi
Vietnam

COMPANY SECRETARY & REGISTRAR

Maples Secretaries (Cayman) Limited
PO Box 1093
Queensgate House
Grand Cayman KY1-1102
Cayman Islands

AUDITORS

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

ENQUIRIES

Dragon Capital Markets Limited
Tel: +84 8 3823 9355
Fax: +84 8 3823 9366
Email: dealing@dragoncapital.com

LISTING SPONSOR

McCann FitzGerald Listing Services Limited
Riverside One
Sir John Rogerson's Quay
Dublin 2
Ireland

BOARD OF DIRECTORS

DEREK EU-TSE LOH

Independent non-executive director
(Appointed March 2011)

Derek Eu-Tse Loh graduated from University of Cambridge with Honours in 1990. He then obtained his barrister-at-law in England before proceeding to his call as an advocate and solicitor in Singapore in 1993. Since then he has been in active practice in the area of construction and engineering law. He is presently practicing in TSMP Law Corporation Singapore as a director. He sits on the Boards of listed companies in Singapore including Freight Links Express Holdings where he Chairs the Remuneration and Nomination Committees. Mr. Loh is a member of the Board of Governors of Saint Joseph Institution, a leading independent school in Singapore and is on the Board of Trustees of Saint Joseph's Institution Foundation (Singapore), a charitable organisation. He resides in Singapore.

WOLFGANG BERTELSMEIER

Independent non-executive director
(Appointed July 2009)

Wolfgang Bertelsmeier holds a Master's degree in business administration from the University of Frankfurt. He also studied at the Université de Poitiers, France, Harvard Business School and Stanford University. Mr. Bertelsmeier worked for several financial institutions and joined the International Finance Corporation ("IFC") in 1990, working primarily in Africa, Southeast Asia, Latin America and Europe until his retirement. He sits on the boards of several companies in Africa and Europe. He resides in Washington D.C. and Bangkok, Thailand.

FARIDA KHAMBATA

Non-executive director
(Appointed April 2012)

Farida Khambata holds a Masters degree in economics from the University of Cambridge and a Masters from the London Business School. She joined the World Bank in 1975 where one of her assignments was to manage the non-US assets of the World Bank Group's pension fund. In 1986, Mrs. Khambata joined the IFC where she held a number of positions including being in charge of Treasury Operations, Vice President for Portfolio and Risk Management and Vice President for South and East Asia, the Pacific, Latin America and the Caribbean. She was also a member of IFC's senior management team. In 1992, she coined the term Frontier Markets to describe a subset of emerging markets. Mrs. Khambata is currently the Global Strategist at Cartica Capital, an asset management company investing solely in emerging markets.

GORDON LAWSON

Independent non-executive director
(Appointed July 2014)

Gordon Lawson commenced his career with Salomon Brothers/Citigroup in London, focusing on equity investments and becoming a member of the European management board. In 1999, he became a founding partner of Pendragon, a global event driven fund, remaining a partner until 2006. From 2008 to 2013, Mr Lawson was chairman of Indochina Capital Vietnam plc, a London-listed fund focused on investments in Vietnam. Mr. Lawson is an advisor to Kempen, a global fund-of-funds, and Bridges Ventures, a private equity fund that invests in deprived areas of the United Kingdom. He is currently a director of Arvia Limited, a technology company, Turiya Funds, an Asian-focused fund and Blakeney SICAV, an African and Middle East focused fund. Mr. Lawson holds a BSc in Chemical Engineering from Birmingham University, and an MBA from Cranfield Business School. He sits as a magistrate in South West London.

SUSIE RIPPINGALL

Independent non-executive director
(Appointed July 2014)

Susie Rippingall started her career with Credit Lyonnais Securities in London, before moving to Lehman Brothers Global Asset Management. In 1995, she joined First State Stewart Investment Management (formerly Stewart Ivory) in Edinburgh. She relocated to Singapore in 2001 and then Hong Kong in 2002. In October 2000, Ms Rippingall was appointed portfolio manager of The Scottish Oriental Smaller Companies Trust plc, a London-listed fund which invests in listed Asian equities ex-Japan. She held this position until April 2013. Ms. Rippingall is a non-executive director of Aberdeen New Dawn Investment Trust PLC and NTAsian Discovery Fund. Ms. Rippingall has a BA (Hons) degree in Economics from Edinburgh University.

DOMINIC SCRIVEN, OBE

Non-executive director
(Appointed May 1995)

Dominic Scriven is British, was educated at Winchester, and graduated from Exeter University in Law and Sociology. His 30 years of investing have ranged from London to Hong Kong, but have been concentrated in Vietnam. He studied at Hanoi General University for two years before founding Dragon Capital in 1994. Dragon Capital is active in investment management, capital markets, and microfinance, and runs capital in the region of US$1.5bn. A Vietnamese speaker, he is an active advocate of financial market development and governance, and is a director of various Vietnamese public companies. He was appointed OBE by the British Queen in 2006, and awarded the Labour Medal by the Vietnamese President in 2014. His external interests range from Vietnamese art, propaganda, for which he was made an Honorary Member of the Vietnamese Heritage Association; to biodiversity and reduction of the illegal wildlife trade.

NAME ABBREVIATIONS

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

FULL NAME BY SECTOR	SHORT NAME	SYMBOL
Banks		
Asia Commercial Bank	ACB	HNX: ACB
Military Commercial Joint Stock Bank	Military Bank	HOSE: MBB
Bank for Foreign Trade of Vietnam	Vietcombank	HOSE: VCB
Consumer Durables		
Phu Nhuan Jewelry Joint Stock Company	Phu Nhuan Jewelry	HOSE: PNJ
Vietnam National Textile & Garment Group	Vinatex	
Diversified Financials		
Masan Group Corporation	Masan Group	HOSE: MSN
Sacom Investment and Development Corporation	Sacom	HOSE: SAM
Saigon Securities Incorporation	SSI	HOSE: SSI
Energy		
PetroVietnam Drilling & Well Services Corporation	PV Drilling	HOSE: PVD
PetroVietnam Technical Service Corporation	PTSC	HNX: PVS
PetroVietnam Gas Corporation	GAS	HOSE: GAS
Food & Beverage		
Kinh Do Corporartion	Kinh Do	HOSE: KDC
Viet Nam Dairy Products Joint Stock Company	Vinamilk	HOSE: VNM
Funds		
Vietnam Securities Investment Fund - VF2	VFMVF2	
Materials & Resources		
PetroVietnam Ca Mau Fertilizer Joint Stock Company (Listed on 31 March 2015)	Ca Mau Fertilizer	HOSE: DCM
Hoa Phat Group Joint Stock Company	Hoa Phat Group	HOSE: HPG
Hoa Sen Group	Hoa Sen Group	HOSE: HSG
Hoang Anh Gia Lai Rubber Joint Stock Company	Hoang Anh Rubber	
PetroVietnam Fertilizer and Chemical Joint Stock Company	Phu My Fertilizer	HOSE: DPM
Pharmaceuticals		
DHG Pharmaceutical Joint Stock Company	Hau Giang Pharma	HOSE: DHG

NAME ABBREVIATIONS (CONTINUED)

Real Estate		
Binh Chanh Construction Investment Shareholding Company	BCCI	HOSE: BCI
Ha Do Group Joint Stock Company	Ha Do Group	HOSE: HDG
Khang Dien House Trading and Investment Joint Stock Company	Khang Dien House	HOSE: KDH
Kinh Bac City Development Holding Corporation	Kinh Bac City	HOSE: KBC
Refrigeration Electrical Engineering Corporation	REE	HOSE: REE
Song Da Urban & Industrial Zone Investment and Development Joint Stock Company	Sudico	HOSE: SJS
Vingroup Joint Stock Company	Vingroup	HOSE: VIC
Retail		
Mobile World Investment Corporation	Mobile World	HOSE: MWG
Software & Services		
FPT Corporation	FPT	HOSE: FPT
Transportation		
Gemadept Corporation	Gemadept	HOSE: GMD

We are conscious of the effects we have on our environment and the positive difference we can make to our communities. It is of paramount importance to us that we are not only conscious of this, but take action to do all we can to make a positive contribution. To help combat global warming, Dragon Capital has been Carbon Neutral since 2005, and currently supports the Biogas Program initiated by SNV and the Government of Vietnam. The project converts animal waste to energy via biogas digesters to produce clean and affordable energy for cooking. 840,000 persons in 58 provinces in Vietnam benefit from the project and 589,125 tonnes of CO2 are reduced annually. Emission reductions from the project are verified and certified to the Gold Standard of Voluntary Carbon Emissions Reductions and the Program was awarded The Energy Globe Award (2006), The Ashden Award (2010) and The World Energy Award (2012).

nexus
beyond offsetting

VIETNAM NETHERLANDS

Dragon Capital Representative Offices

HO CHI MINH CITY
1901 Me Linh Point
2 Ngo Duc Ke
District 1, Ho Chi Minh City
Tel: +84 8 3823 9355
Fax: +84 8 3823 9366

HANOI
5A Floor, BIDV Tower
194 Tran Quang Khai
Hoan Kiem, Hanoi
Tel: +84 4 3936 0203
Fax: +84 4 3936 0204

BANGKOK, THAILAND
23rd Floor, 399 Interchange Building
Sukhumvit Road
Klongtoey-Nua, Wattana,
Bangkok, 10110
Thailand
Tel: +66 2 611 2600
Fax: +66 2 611 2603

DRAGON CAPITAL MARKETS (EUROPE) LIMITED
The Tramshed, Beehive Yard
Walcot Street
Bath, BA1 5BB
United Kingdom
Tel: +44 1225 731 402
Fax: +44 2071 499 969

DRAGON CAPITAL MANAGEMENT (HK) LIMITED
Rm 1101-02, 11/F.
Euro Trade Centre
21-23 Des Voeux Road Central
Hong Kong
Tel: +852 3979 8100
Fax: +852 3979 8199