DRAGON CAPITAL

# ANNUAL REPORT 2023

VIETNAM ENTERPRISE INVESTMENTS LIMITED

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# 1. Chair's Statement

Dear Shareholders,

We are pleased to report the performance of Vietnam Enterprise Investments Limited ("VEIL" or the "Company") for the year ended 31 December 2023.

## The Investment Environment

Vietnam's economy expanded at an impressive 5.1% in 2023, one of the highest rates of growth worldwide. In particular, Vietnam enjoyed significant Gross Domestic Product ("GDP") growth of 6.7% in the fourth quarter, surpassing the growth rates of 3.4%, 4.3%, and 5.5% recorded in the preceding quarters and demonstrating a steady increase in growth momentum throughout 2023.

Vietnam's economy has now grown to over US$430 billion from US$409 billion in 2022, with a GDP per capita of US$4,284, which is expected to reach the upper middle-income level of circa US$5,000 by 2025. This is the result of growth measures implemented by the Vietnamese Government (the "Government") to stimulate the economy, including supporting public investment, four interest rate reductions comprising a total of 150 basis points and new decrees on debt restructuring and credit disbursement.

Although the local corporate bond and real estate markets had an adverse effect, there was a modest improvement in domestic consumption, which increased by 3.5%. Moreover, a record trade surplus of nearly US$28 billion contributed to the strength of the Vietnamese Dong.

Inflation remained stable at an average of 3.3% for the year. In addition, manufacturing Foreign Direct Investment ("FDI") in Vietnam was robust in the year with total FDI increasing by 32.1% to US$36.6 billion, while disbursed capital rose by 3.5% to US$23.2 billion. These statistics are clear evidence of Vietnam's increasing attractiveness for foreign investment after the establishment of "Comprehensive Strategic Partnership" accords with the United States, South Korea, and Japan.

Tourism provided a further tailwind for the economy with the total number of international travellers increasing from 3.7 million in 2022 to 12.6 million in 2023, approaching pre-pandemic levels of 18 million in 2019.

In our view, Vietnam emerged from the turmoil caused by the reform of the bond market into the start of a market recovery cycle in 2023. Global volatility, stemming from surging US Treasury yields in September, prompted the Vietnam Index (the "VN Index") to retreat from its year-high, resulting in a more modest full-year return of +11.1%.

However, when compared with regional markets such as the Philippines PCOMP[1] (+1.5%), Thailand's election-affected SET[2] (-11.45%), and China's SHCOMP[3] (-3.9%), Vietnam achieved a comparatively strong stock market performance.

Gordon Lawson, Chair

The resignation of the President of Vietnam, in addition to several other prominent political figures, was attributed to previous deficiencies. This event is momentous in the history of the Party, bearing resemblance to comparable incidents that transpired in 2001 and 2006, thereby emphasising the need for leadership accountability. Our analysis, including the case of Van Thinh Phat, interprets these events as a response to market abuse amidst remarkably rapid economic growth that has outpaced the development of institutional frameworks. From our observations, Vietnam has pursued its unique development path diligently, unlikely to embrace aggressive political centralisation. Enhancing the resilience of the domestic private sector has been a key objective of economic policy, which has received considerable backing, as evidenced by the favourable image of Vietnamese billionaires in the media.

## Performance

In terms of the Company's own performance, VEIL's Net Asset Value ("NAV") per share increased by 10.5% in 2023, slightly below the VN Index's 11.1% gain, both in US$ TR terms. In GBP terms, VEIL's NAV increased by 4.1% in 2023 compared to the VN Index's 5.3% gain. Over a 3-year period, the Company still outperformed the VN Index by 2.6%.

## Share Buybacks

In 2023, US$40.27 million was spent repurchasing 5,698,692 shares (compared to 6,808,169 shares in 2022), which represents 2.79% of the weighted average of outstanding shares. The share price discount to NAV started the period at 13.9% and ended it at 17.4%, and the average discount at which shares were bought back was 17.6%. This resulted in a 0.62% accretion to NAV per share over the period.

[1] PCOMP: Philippines Stock Exchange PSEi Index

[2] SET: The Stock Exchange of Thailand

[3] SHCOMP: Shanghai Stock Exchange Composite Index

# 1. Chair's Statement (Continued)

We continue to actively monitor our share price and discount to NAV and remain committed to executing buybacks when deemed appropriate to generate accretive value for shareholders. We note across the emerging markets sector, and the investment companies sector in general, discounts have widened versus historical averages over the period.

## Environmental, Social and Governance

As a long-term investor committed to sustainability, we remain committed to fully integrating environmental, social and governance ("ESG") considerations and the financial impact of climate change into all aspects of the Company's investment activity, building ESG factors into the portfolio and reporting on climate change risk. We believe VEIL is a pioneer in Vietnam in this respect. ESG goes beyond social responsibility, it also provides a perspective on risk mitigation and value creation. As a long-term investor committed to sustainability, all investments made by VEIL are subject to a rigorous ESG screening process adopted by our manager, Dragon Capital group which upgraded its own proprietary ESG management system, with the assistance of the International Finance Corporation (IFC) in 2023 to ensure that the Company adheres to best-in-class practices. These policies and procedures continue to apply to VEIL's entire investment universe.

## Outlook

Looking ahead to 2024, challenges persist in the context of a global slowdown. Nonetheless, a more robust recovery is expected as Vietnam's historically low interest rates penetrate the economy, stimulating domestic demand and attracting increased participation from corporates and investors. Disbursed FDI is expected to remain strong, averaging US$21.1 billion over the last five years and reaching a record high of US$23.2 billion in 2023. It is essential that the Government maintains a flexible monetary policy stance and adheres to its announced legislative measures to regain the confidence of the private sector.

To promote economic growth, in January 2024, the State Bank of Vietnam allocated to banks the complete 15% annual credit quota at the commencement of the year instead of the conventional allocation every quarter. During the fifth Extraordinary Session of the National Assembly, the amended Law on Credit Institutions, and the Land Law was approved, demonstrating a dedication to legislative reform and economic adaptability. While the implementation of these regulatory reforms remains subject to the formal adoption of pending additional circulars, the Government's prompt approval process demonstrates its reform-oriented dedication to legislative change and surmounting obstacles to development.

We anticipate mid teens profit growth for the Top-80[1] listed companies in 2024, which currently trade at an attractive 2024F PER valuation of 9.6x. This compares favourably with other regional peers such as Thailand (14.4x), Indonesia (13.9x), Philippines (11.1x) and Malaysia (13.0x). In the meantime, any additional positive market developments, such as the removal of pre-funding requirements or further advancements related to the Financial Times Stock Exchange ("FTSE") Emerging Markets upgrade including a new trading and settlement system, may result in further foreign inflow.

Given all of these factors, I remain confident in the Company's capacity to identify the most attractive enterprises in terms of sustainable profitability, long-term viability, and good corporate governance, thanks to the in-house research team of our Investment Manager, one of the nation's largest and most knowledgeable and experienced teams.

On 1 December 2023, the Company announced a reduction in the management fee with effect from 1 July 2024. The management fee shall be calculated and accrue daily at a flat rate of 1.5% per annum of the Company's NAV.

Effective from 1 February 2024, the Board of Directors of the Company was delighted to welcome Mr Le Anh Tuan as Lead Portfolio Manager of VEIL, succeeding Mr Vu Huu Dien, who is transitioning to a new position at Dragon Capital group and transferring the torch to the next generation.

As announced previously, I will be retiring from the Board at the end of June 2024 and Sarah Arkle will be taking over as Chair. Charles Cade was recently appointed as a new Independent Non-Executive Director. I wish to thank all the present and past nonexecutive directors for their efforts and also Dragon Capital for all their hard work. I will continue to be an investor in VEIL.

For the first time we intend to hold the Annual General Meeting in London on 25 June 2024, and I look forward to meeting our investors there.

Gordon Lawson
Chair
Vietnam Enterprise Investments Limited
29 April 2024

[1] Dragon Capital's Top-80 is the 80 biggest companies by market capitalisation listed across three exchanges, adjusted by free float and screened by liquidity and ESG critierias.

# 2. Company Overview and Strategy

## Investment Objective

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

## Benchmark

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

## Business Model

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

VEIL is the longest running fund focused on Vietnam and the largest which invests primarily in listed and pre-IPO companies in Vietnam.

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

On 18 July 2017, VEIL was included in the Financial Times Stock Exchange (FTSE) 250 Index.

## Investment Policy

### Asset Allocation

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

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

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

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

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

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

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

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

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

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

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

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

### Investment Restrictions

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

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

# 2. Company Overview and Strategy (Continued)

### Borrowing

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

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

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

### Changes to Investment Policy

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

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

## Key Performance Indicators

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

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

### NAV and Share Price

The Board monitors the NAV and share price performance of VEIL on a quarterly, one, three and five-year rolling basis as provided in the Portfolio Manager's Report on pages 7 to 15.

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

### Performance Against Reference

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

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

### Discount/Premium to NAV

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

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

A graph showing the share price discount/ premium relative to the NAV is also shown in the Portfolio Manager's Report on pages 7 to 15.

## Board Composition

The Board supports the principle of boardroom diversity.

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

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

As at 31 December 2023, the Board consisted of six Independent Non-Executive Directors and one Non-Independent Non-Executive Director.

During the reporting period, Charles Cade, Independent Non-Executive Director, was appointed on 1 October 2023.

Detailed information on the Board's independence, composition and diversity is provided under the Corporate Governance Statement on pages 30 to 50.

# 3. Portfolio Manager's Report

## Performance Overview

In 2023 the Vietnamese equity market firmly found its footing following a difficult year previously. Vietnam Enterprise Investments Limited ("VEIL") achieved a 10.5% Net Asset Value ("NAV") per share's rise, which was only marginally behind its reference index, the Vietnam Index ("VN Index") total return of 11.1%, in USD terms ("TR$"). Following a turbulent 2022, uncertainty remained at the start of 2023 but multiple responses from the Vietnamese Government (the "Government") to stabilise the economy helped to alleviate these concerns. Starting with monetary policy, the State Bank of Vietnam ("SBV") was among the first central banks in the world to have shifted to 'easing', with a series of rate cuts ensuring there was sufficient liquidity in the market via an early and ample credit quota. On the fiscal side, the Government was active in resolving the delays in the disbursement process of public investment, particularly on infrastructure. This led to the highest disbursement of fiscal spending on record the year. Both actions together from the Government, established a firm base for the economy by the mid-year point.

Corporate earnings for 2023, however, painted a more muted picture as revenue growth for Dragon Capital's Top-80[1] largest companies was, on average, up only 1.4%, whilst earnings per share ("EPS") growth was 4.3% lower. There remained bright spots in a year of consolidation as the Material & Resources, the Software & Services and the Banking sectors all performed well. On the downside, the Retail and the Real Estate & Construction sectors were the biggest detractors to VEIL's relative performance.

[1] Dragon Capital's Top-80 is the 80 biggest companies by market capitalisation listed across three exchanges, adjusted by free float and screened by liquidity and ESG critierias.

### Performance

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Total net assets (US$) | 1,743,257,708 | 1,622,581,751 |
| Total net assets (GBP) | 1,367,475,847 | 1,348,891,152 |
| Number of outstanding shares | 201,026,986 | 206,725,678 |
| NAV per share (US$) | 8.67 | 7.85 |
| NAV per share (GBP) | 6.80 | 6.53 |
| Share price (GBP) | 5.57 | 5.83 |
| Discount to NAV (%)[2] | 18.1% | 10.7% |
| GBP/US$ exchange rate | 1/0.784437 | 1/0.831324 |
| Ongoing charges (%)[3] | 1.96 | 1.90 |

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

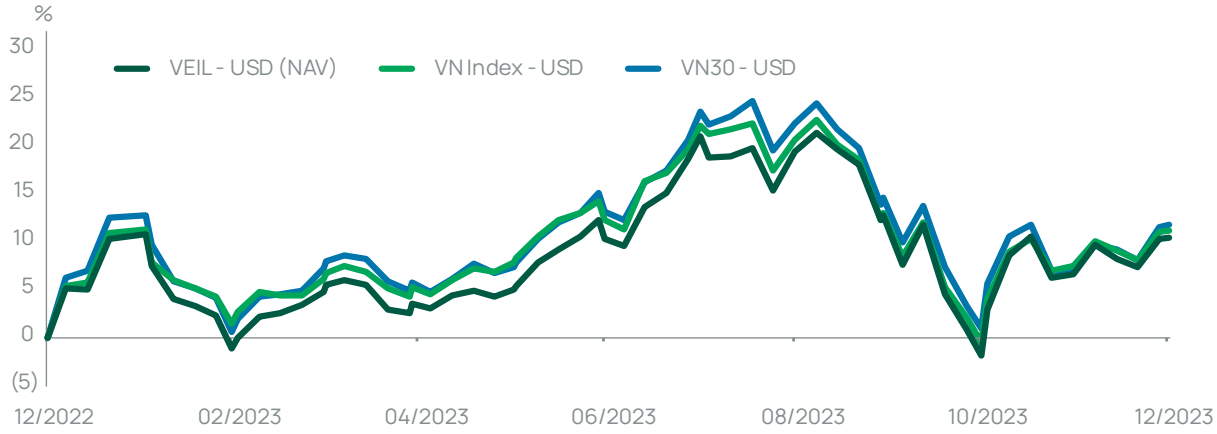
[3] Calculated as operational expenses divided by average NAV for the year. Ongoing charges have been prepared in accordance with the Association of Investment Companies ("AIC") recommended methodology.

| | 31 December 2023 % | 31 December 2022 % |
|---|---|---|
| NAV returns (US$) | 7.44 | (37.76) |
| NAV returns (GBP) | 1.38 | (29.92) |
| Share price returns (GBP) | (4.46) | (23.79) |
| VN Index (price return - VND terms) | 12.20 | (32.78) |
| VN Index (total return - US$ terms)[4] | 11.12 | (34.07) |

[4] Source: Bloomberg

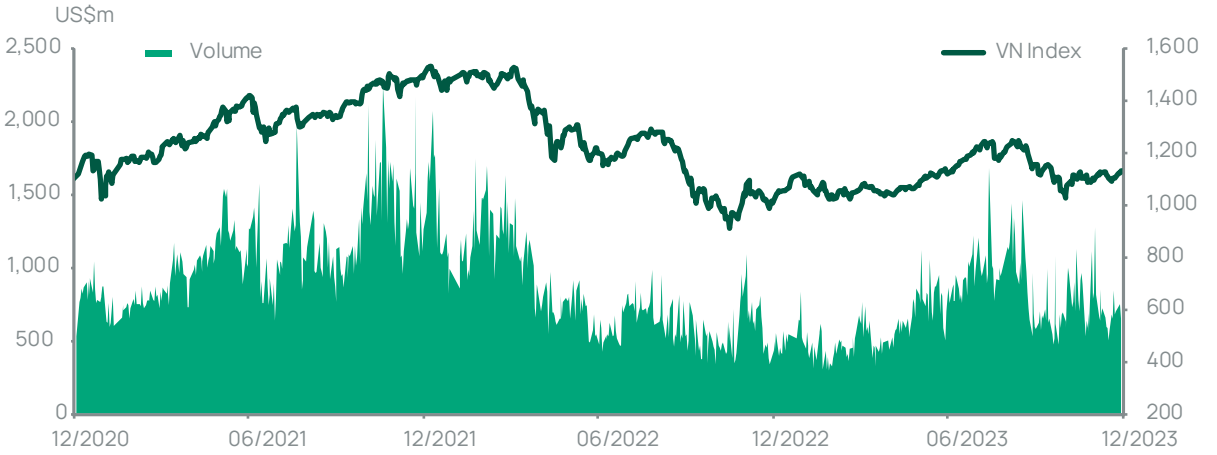
# 3. Portfolio Manager's Report (Continued)

### One Year Performance (% in US$ terms)



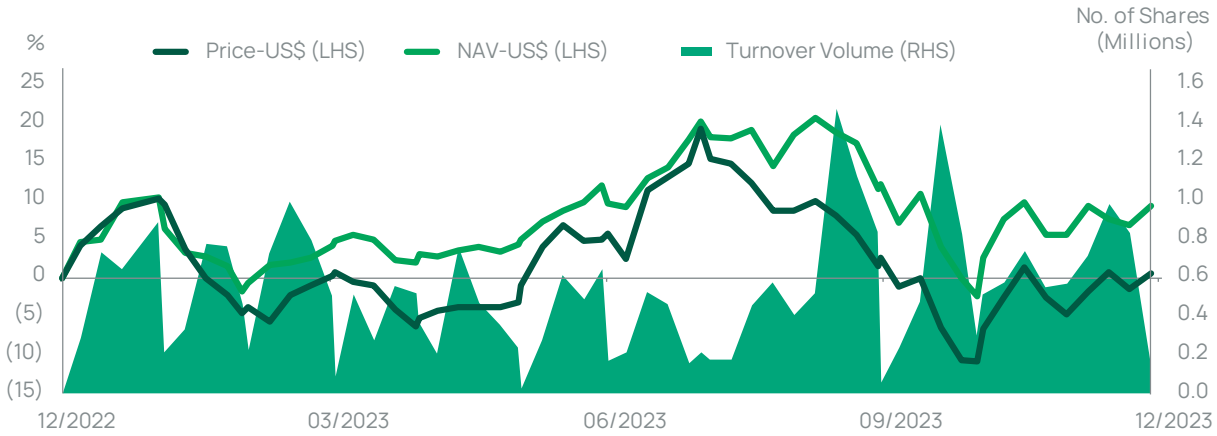

Source: Dragon Capital, Bloomberg

### VN Index Information (Rolling 3-year)




Source: Dragon Capital, Bloomberg

### Share Price & NAV

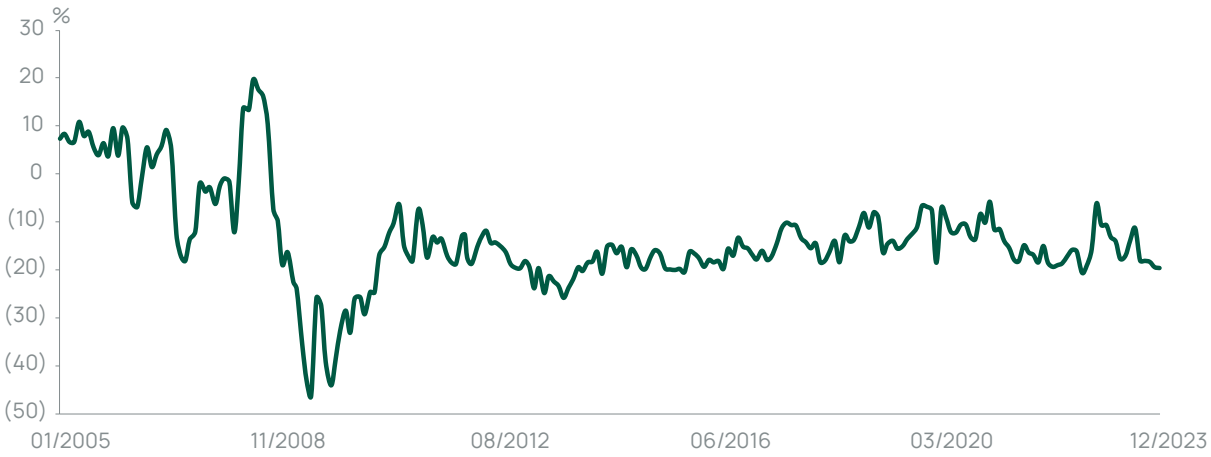



NAV and share price are based on US$.

Source: Dragon Capital, Bloomberg

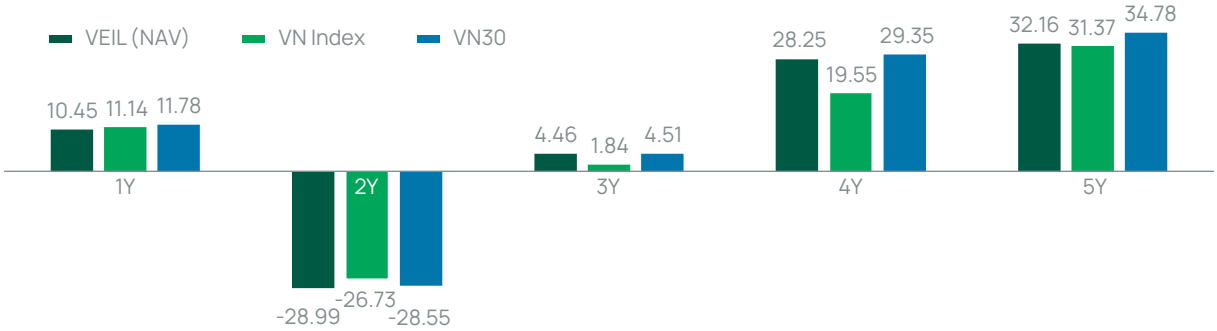
# 3. Portfolio Manager's Report (Continued)

**Discount & Premium to NAV (%)**




Source: Dragon Capital

**Cumulative Performance (% in US$ terms)**




Source: Dragon Capital, Bloomberg

# 3. Portfolio Manager's Report (Continued)

### Period's High and Low

| | Year to 31 December 2023 | | Year to 31 December 2022 | |
|---|---|---|---|---|
| | High | Low | High | Low |
| NAV per share (US$) | 9.57 | 7.70 | 12.62 | 5.79 |
| NAV per share (GBP) | 7.68 | 6.35 | 9.64 | 5.60 |
| Share price (GBP) | 6.54 | 5.18 | 7.91 | 5.00 |

Source: Dragon Capital, London Stock Exchange

### Source of Income (US$)

| | Year to 31 December 2023 | Year to 31 December 2022 |
|---|---|---|
| Interest income | 41,937 | 114,291 |
| Dividend income | 11,456,082 | 9,663,187 |
| Net changes in fair value of financial assets at fair value through profit or loss | 180,399,537 | (891,697,124) |
| Gains on disposals of investments | 7,942,565 | 4,865,100 |
| Total income | 199,840,121 | (877,054,546) |

Source: Dragon Capital

### Ten Year Record

| | | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Total net assets | US$m | 1,743 | 1,623 | 2,607 | 1,800 | 1,475 | 1,440 | 1,553 | 975 | 793 | 513 |
| Total net assets | GBPm | 1,367 | 1,349 | 1,925 | 1,317 | 1,113 | 1,131 | 1,148 | 789 | n/a | n/a |
| NAV per share | US$ | 8.67 | 7.85 | 12.21 | 8.30 | 6.76 | 6.56 | 7.06 | 4.41 | 3.59 | 3.40 |
| NAV per share | GBP | 6.80 | 6.53 | 9.01 | 6.07 | 5.10 | 5.15 | 5.22 | 3.57 | n/a | n/a |
| Share price | US$ | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 2.99 | 2.82 |
| Share price | GBP | 5.57 | 5.83 | 7.65 | 5.45 | 4.745 | 4.57 | 4.42 | 2.96 | n/a | n/a |
| Earnings per share | US$ | 0.79 | (4.42) | 3.90 | 1.52 | 0.20 | (0.50) | 2.64 | 0.82 | 0.15 | 0.32 |
| Discount to NAV | % | (18.12) | (10.65) | (15.09) | (10.21) | (6.96) | (11.26) | (15.27) | (17.09) | (16.71) | (17.06) |

Source: Dragon Capital

# 3. Portfolio Manager's Report (Continued)

## Attribution Analysis

### Materials & Resources Sector

The Material and Resources sector was one of the VEIL's best performing sectors in 2023 after being among the worst performers in the previous year. Falling sales volume and output prices dropped considerably as the property sector ground to a halt. 2023 marked a strong turnaround as various measures were announced and implemented by the Government. These measures were aimed at supporting both the Real Estate & Construction sector on the private side as well as to boost infrastructure spending on the public side, lifting sentiment and share prices.

VEIL maintains its conviction that Hoa Phat Group ("HPG"), which is the biggest steel conglomerate in Vietnam, remains the best means of gaining exposure to the Materials and Resources sector. That said, anticipating a turnaround in 2023, VEIL also added a new holding in Hoa Sen Group ("HSG"), the biggest galvanised steel sheet manufacturer in the country. Both positions rebounded strongly from distressed valuations, driven by fundamental recovery throughout the year. As a result, holding performance in HPG and HSG achieved share price gains of 51.2% and 37.8%, respectively.

For HPG, sales volume in 2023 saw a noteworthy drop of 10% compared with 2022, although after the initial quarter-on-quarter ("QoQ") drop in sales volume in the first quarter of 2023, there was a positive QoQ growth in all subsequent quarters of the year. Revenue, profit after tax and minority interest ("NPAT-MI") followed similar trajectories of growth. For the 2023FY, HPG delivered US$4.8 billion in top line and US$261 million in bottom line earnings, down 17% and 19.4% year-on-year ("YoY"). On a full year basis, HPG's earnings remained modest, just 20% of 2021's all-time high. Nevertheless, after two consecutive quarters of loss in the fourth quarter of 2022 and the first quarter of 2023, investors welcomed the results as an important signal that the recovery is now well under way. Despite the challenging market conditions, HPG continued to forge ahead with the construction of Dung Quat Mega Steel factory phase 2, which is on track to be operational in 2025. Once completed, the expansion will raise HPG's production capacity by approximately 65% to over 14 million tonnes of steel annually, increasing gradually over 12-18 months. This will be met by demand from a reviving real estate sector, Government infrastructure projects, and an export market to Europe and South East Asia which accounts for 50% of hot rolled coil exports.

As for HSG, the company posted US$1.3 billion in sales and US$33 million in NPAT-MI. For both companies, much of 2024 will depend on further progress in the Government's initiatives to reinvigorate investments in both the private and public sectors. Given the progress that has already been achieved in the last 12 months, there is an expectation for stronger growth in 2024, which bodes well for the sector's overall outlook.

**Investment Portfolio – Ten Largest Investments (as of 31 December 2023)**

| Company | Ticker | Sector | Market value US$ | VNI weight % | NAV % | Total return % | Initial acquisition |
|---|---|---|---|---|---|---|---|
| Hoa Phat Group | HPG | Material & Resources | 159,338,731 | 3.6 | 9.1 | 51.2 | 18 June 2009 |
| Vietnam Prosperity Bank | VPB | Banking | 155,670,609 | 3.4 | 8.9 | 9.7 | 1 January 1996 |
| Asia Commercial Bank | ACB | Banking | 145,565,879 | 2.1 | 8.4 | 27.2 | 1 December 1996 |
| Vietcombank | VCB | Banking | 116,515,899 | 9.9 | 6.7 | 15.4 | 7 February 2012 |
| FPT Corporation | FPT | Software & Services | 106,704,113 | 2.7 | 6.1 | 43.1 | 3 July 2008 |
| Mobile World Group | MWG | Retail | 83,431,718 | 1.4 | 4.8 | (2.0) | 3 October 2014 |
| Vinhomes | VHM | Real Estate & Construction | 64,128,427 | 4.2 | 3.7 | (12.4) | 18 May 2018 |
| PVGas | GAS | Energy | 61,546,161 | 3.8 | 3.5 | (9.9) | 23 November 2010 |
| Techcombank | TCB | Real Estate & Construction | 58,105,036 | 2.5 | 3.3 | 19.8 | 3 January 2019 |
| Gelex Corp. | GEX | Consumer Durables | 54,527,817 | 0.4 | 3.1 | 85.3 | 1 February 2019 |
| Total 10 investments | | | 1,005,534,390 | | | | |

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

# 3. Portfolio Manager's Report (Continued)

## Banking Sector

2023 was always going to be a challenging year for banking sector due to the weak macro environment for the sector. On the one hand, timely responses from the SBV, in addition to various initiatives to support local corporates, prevented a potential liquidity crisis in the banking system and the economy. Nonetheless, there remain questions over the Banking sector's asset quality as well as how the potential rise in non-performing loans ("NPL") might affect earnings. Despite these concerns, VEIL's bank holdings still delivered an average share price return of 16.1%, underpinned by a particularly strong performance by Asia Commercial Bank ("ACB"), up 27.2%, and MB Bank ("MBB"), up 25.2% for the year.

ACB is now established as a preferred stock for exposure to Vietnam's banking sector during more challenging times, given it is well-known for a more conservative approach to lending, leading to a stronger quality in its loan book. Additionally, the bank had very limited exposure to the property and energy generation sectors, the two sectors that were most impacted by the liquidity crunch in late 2022. In 2023, ACB was able to deliver 17.9% growth for its loan book, noticeably above the sector's 13.7% credit growth. Whilst Net Interest Margin ("NIM") contracted 40 bps, a similar trend was seen in the rest of the sector with tight cost controls leading to NPAT-MI growing 17.2% for the year. An impressive feat in a difficult year, considering the banking sector NPAT-MI growth was only 4.2%.

As for MBB, it is a long-term holding in VEIL at 3.0% weight, in comparison to 2.1% in the VN Index. MBB is the biggest private commercial bank by assets, it faced a number of difficulties coming into 2023 given the tough economic conditions. MBB's cost of funds rose to an estimated 4.3% from 2.9% at the end of 2022, leading to a NIM contraction from 5.7% to 4.9%. The NPL ratio also ticked up to 1.6% from 1.1%. By the end of 2023, however, there was a clear improving trend QoQ, most notably in current and savings accounts (CASA) ratio which managed to stay flat after a significant dip during the year. Good cost control in addition to a drop in provisioning for expenses meant that MBB was still able to report a remarkable 18.3% NPAT-MI growth for 2023. The story of MBB in 2023 reflects the wider recovery of the sector at large. VEIL expects a further acceleration in the improving trajectory of the sector in 2024. Despite the solid share price performance, the valuation of the Banking sector remains near its 5-year low of 1.4 times price to book ratio, offering an attractive opportunity for long-term value creation.

## Software & Services Sector

FPT Corporation ("FPT") was a star performer for VEIL in 2023, with the company's share price rising 43.1% during the year. FPT's resilient business result astounded investors as the company delivered 19.5% in revenue and 21.8% in NPAT-MI growth. Double-digit pre-tax profit growth was seen across all three of its traditional business segments, in which IT software servicing delivered 24% growth, telecom achieved 15% growth while education and others achieved 36% growth. In 2023, the attractions of FPT started to move beyond the performance of its traditional business. Investors anticipate ventures such as cloud services, data centres and the potential for it to become a leading player in Vietnam's budding semiconductor value chain will start to bear fruit in the near future. Whilst the stock traded on a 20.7 times price to earnings ratio by the end of 2023, relatively steep compared with the VN Index's average of around 10-12 times, it consistently delivers annual earnings growth of 20% and therefore remains one of the most sought-after stocks by foreign investors.

## Retail Sector

Mobile World Group ("MWG") had arguably saw the toughest year since its listing in 2014 with its share price dropping 2.0% for the year. The company's business result was perhaps the best evidence of the impact of economic headwinds on discretionary spending. Revenue growth for both the mobile phone and consumer electronics segments dropped by 11.5% YoY and its combined profit before tax of the two segments fell an enormous 96% YoY. The silver lining for MWG was the constant monthly improvement in its grocery business for which the top line was growing 17% YoY in 2023 and the loss for this segment was only one third of 2022. By the end of 2023, the company had reached the break-even point of its grocery business, Bach Hoa Xanh ("BHX") on a company level. Nevertheless, for the full year 2023, MWG's consolidated net revenue was down 11% and NPAT-MI was down 96%. Part of the reason for the large drop in earnings was due to a painful destocking of excess inventories in exchange for market share, a phenomenon also experienced by other global retailers. With the destocking process complete by the end of 2023, VEIL expects a significant earnings rebound for 2024. Additionally, the company is in the final stage of finalising a placement of 5% of BHX which would put a value on the previously loss-making business. The placement should further re-rate the consolidated valuation of MWG.

# 3. Portfolio Manager's Report (Continued)

Similarly, the share price of Phu Nhuan Jewelry's ("PNJ") fell 4.4% in 2023 as the company faced an overall weaker demand for its jewellery business. Revenue for PNJ fell 2% during the year as the company experienced drops in both retail and wholesale demand of 8% and 31% respectively. Nevertheless, as the gold price was setting a record high in 2023, their gold bar trading business was booming. Revenue for this segment was up 21% and cushioned the fall in its traditional businesses. As a result, PNJ was able to deliver a positive NPAT-MI growth of 9% for the year.

Overall, 2023 was a year that saw both MWG and PNJ further solidify their leadership positions in their respective markets. Whilst challenging, 2023 also brought opportunities that both companies took full advantage of. PNJ managed to open 48 new retail gold stores whilst most of its competitors, the majority of which were individual private retail stores were on the back foot. MWG, on the other hand, offered attractive promotions and discounts that increased its overall presence and market share in the mobile phone and consumer electronics segments. 2024 may still see some initial traces of weak demand, but an acceleration in growth is expected in the second half of 2024. With that outlook in mind, both of the VEIL's retail holdings are expected to see a substantial recovery in their bottom lines, especially in the case of MWG.

## Real Estate & Construction Sector

The Real Estate & Construction sector has been in the spotlight since late 2022 as the impact of the liquidity crunch hit both developers and buyers. 2023 was a year of averting further crises and by the end of the year, the task was deemed a success. Credit must first go to the Government for the swift and decisive action on easing both monetary policy and its efforts in unlocking the legal bottleneck. These efforts have certainly helped stem fears of mass defaults in the sector. Whilst it may take more time for the sector to fully recover to the pre-2022 level, new policies implemented in the past twelve months mean the sector should operate in a structurally healthier way. Policies have focused on increasing transparency in land acquisition and compensation, stricter regulation on the selling practices in the sector, and a better overall legal framework to bring new projects to the market.

Among VEIL's top holdings, there were certain outperformers such as Khang Dien House ("KDH") and Dat Xanh Group ("DXG"), both of which rebounded from previously distressed levels of valuation. KDH saw a share price gain of 26.9% for the year as one of the few developers that successfully launched a new project. The Privia sales launch of over 1,000 high-rise units was well-absorbed and should anchor 2024 earnings. Additionally, KDH successfully brought in Keppel Land as a partner for two of its projects by selling 49% stakes at a value of around US$130 million. The transaction further solidifies KDH's financial position and helps to accelerate its land clearance at the 329ha mega project in Tan Tao which will be the main long-term growth driver for the company.

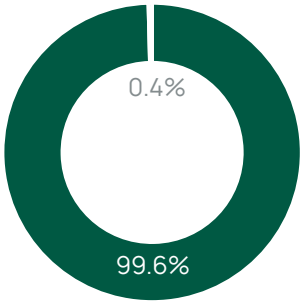
As for DXG, the company was among the few developers that did not materially suffer from the fall-out in the bond market. 2023 was a quiet year by DXG's standards, however, the company was quietly expanding its landbank and making progress at a number of key projects to be launched in 2024. Despite the relatively weak business results, in which revenue and NPAT-MI growth were down 33% and 20% respectively, investors were bargain-hunting in the case of DXG after it became clear that the company would not face default risk. DXG's share price saw an increase of 56.1% to trade closer to its historical average valuation of 1.5 times price to book by the end of 2023.

The major underperformer for VEIL in the sector was Vinhomes ("VHM") as its share price fell 12.4% for the year. The company remains one of the best property developers in Vietnam in VEIL's view, as it delivered a top-line growth of 66.0% and a bottom-line growth of 15.7%. Nevertheless, the share performance of VHM reflected investor concern regarding a larger question on the potential liquidity issues of affiliated companies within its group. By the end of 2023, VHM had fallen to the lowest valuation since its listing at just 1.2 times price to book, an undemanding level of valuation for the biggest property developer in Vietnam.

# 3. Portfolio Manager's Report (Continued)

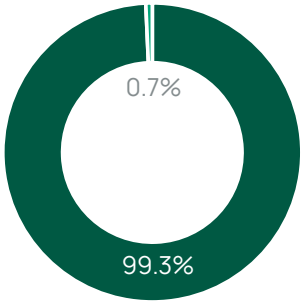
## Asset Allocation by Asset Class

31 December 2023




## Asset Allocation by Asset Class

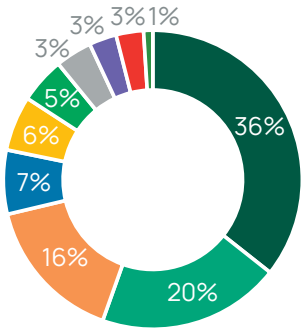
31 December 2022




- Equities
- Cash and cash equivalents, receivables and payables

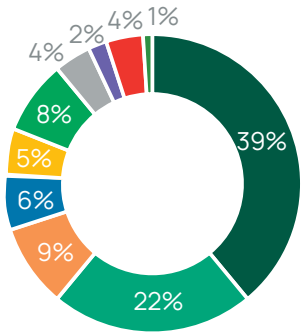
## Asset Allocation by Sector

31 December 2023




## Asset Allocation by Sector

31 December 2022




- Banking
- Real Estate & Construction
- Material & Resources
- Diversified Financials
- Software & Services
- Retail
- Energy
- Food & Beverages
- Consumer Durables
- Transportation

Source: Dragon Capital, Bloomberg

# 3. Portfolio Manager's Report (Continued)

## Outlook

After a tough 18 month period, investors should be able to look forward to a much brighter outlook in 2024. In terms of the macroeconomic outlook, Vietnam's stability remains a strong point for the economy with inflation remaining manageable, averaging 3.3% in 2023, and the foreign exchange rate relatively benign. Much of the Government's focus is now on growing the economy. From a monetary perspective, Vietnam is now in full-easing mode with the interest rate falling back to 2022 level. The SBV has also granted full credit growth quota to the banks from the start of the year instead of on a quarterly basis, ensuring there is no shortage of capital for the local economy. After fiscal spending hit a record high in 2023 of US$27.8 billion, the Government once again put forward an ambitious plan of fiscal spending of over US$28 billion. At the same time, various task forces of top-ranking Government officials, some of whom were set up in 2023, were asked to directly work with local corporates to resolve the legal issues that have historically hamstrung private investments. For 2024, the Government has set a GDP growth target of 6.0%. Whilst there might be some remnants of challenging times earlier on in the year, VEIL believes investors can look forward to an accelerating growth outlook for Vietnam in 2024.

In 2023, despite negative EPS growth in Dragon Capital's Top-80 of -4.3%, the VN Index TR$ was still +11.1%, reflecting improving investor sentiment on the outlook for the economy. We anticipate mid teens EPS growth for 2024 for the Top-80, whilst its price to forward EPS ratio trades at just 9.6x. In VEIL's view, a very attractive growth and value profile compared with Vietnam's regional peers. The portfolio is now well positioned in the key sectors that should benefit from the macro backdrop of a boost in public and private investment as well as a material recovery in consumption in 2024.

Le Anh Tuan
Lead Portfolio Manager
Vietnam Enterprise Investments Limited
29 April 2024

**Le Anh Tuan, Lead Portfolio Manager**

Le Anh Tuan, MA of Corporate Finance from the University of Economics Ho Chi Minh City, commenced his career in Internal Auditor & Planning Dept in a Singaporean FMCG Co. for the period from 2003 to 2006. Tuan joined Dragon Capital in 2006 as Senior Analyst focusing on property and agri-fishery sectors, and was promoted to Deputy Portfolio Manager of VEIL in 2010. In May 2013, Tuan moved to a SMA mandate for an European Sovereign Wealth Fund as Deputy Portfolio Manager. In 2016, Tuan was further promoted to the sole Portfolio Manager of the SMA, demonstrating exemplary growth not only as a portfolio manager but also in his leadership acumen. Since February 2024, Tuan became VEIL's Lead Portfolio Manager.

# 4. ESG and Climate Change Report

## Summary of Key ESG Metrics

As a long-term investor committed to sustainability, Vietnam Enterprise Investments Limited ("VEIL") has integrated environment, social and governance ("ESG") considerations throughout the investment process. VEIL screens and assesses the ESG performance of all investee companies, except for those in the financial sector. The portfolio's greenhouse gas ("GHG") emissions are presented using the Task Force on Climate-Related Financial Disclosure ("TCFD")'s recommended metric of weighted average carbon intensity ("WACI"), in comparison to local benchmarks. Three key E-S-G activities and metrics were summarised and presented as follows:

| Highlight ESG metrics in 2023 | |
|---|---|
| ESG integration throughout the investment process | ESG analysis was conducted for 100% of non-financial investee companies in portfolio |
| WACI of VEIL portfolio (as of 31 December 2023) | - 143 tonne $CO_2e$/$M invested<br>- 31% lower than VN Index* |
| Voting | At 100% investee companies |
| Engagement on business outlook and governance | At 100% investee companies |
| Focus ESG engagement | 15 cases with investee companies |
| CVaR* | - BAU* physical CVaR in 2050: US$63.6 million (3.7% of NAV*)<br>- Transition CVaR: US$15.9 million (0.9% of NAV) |
| Targets for 2024 | (1) Ensure that all investee companies, including financial institutions, achieve an ESG scoring and rating.<br>(2) Maintain a WACI for VEIL that is consistently lower than the VN Index.<br>(3) Engage with top 10% companies in VEIL portfolio ranking the highest on climate risk on their climate adaptation policy, strategy and ability to absorb the losses. |

* Note:
VN Index: Vietnam Index;
BAU: Business as usual;
CVaR: Climate Value at Risk;
NAV: Net asset value.
(The meanings of physical and transition CVaR are in section 4. Metrics and Targets - Climate change assessment in 2023)

** "Dragon Capital" includes Dragon Capital Group Limited (an ultimate parent of the Investment Manager of VEIL) and its subsidiaries and affiliates including investment managers, corporate parents, subsidiaries and funds and SMAs under any such entities' management.

## VEIL's Commitment to Responsible Investment

At VEIL, responsible investment is essential for the stakeholders and the greater good of society. Our investment strategy at VEIL is geared towards maximising risk-adjusted returns and alpha generation, while also diligently assessing and addressing ESG and climate-related risks as part of VEIL's fiduciary duty to investors. This entails placing significant emphasis on environmental, social, and governance factors in VEIL's investment decisions and integrating them throughout its investment process to optimise performance VEIL recognises the interconnectedness of climate change, GHG emissions, and biodiversity loss, and is committed to addressing these global challenges as active, long-term investors. VEIL also encourages its investee companies to improve their sustainability practices and engage with policymakers to promote positive change.

## Scope of the Report

The International Financial Reporting Standards ("IFRS") S1 and S2 encompass the IFRS framework, which delineates globally accepted accounting principles. These standards specifically emphasise sustainability reporting, with IFRS S1 mandating companies to disclose material information concerning all sustainability-related risks and opportunities that could reasonably affect their prospects. IFRS S2 delineates the requirements for climate-related disclosures.

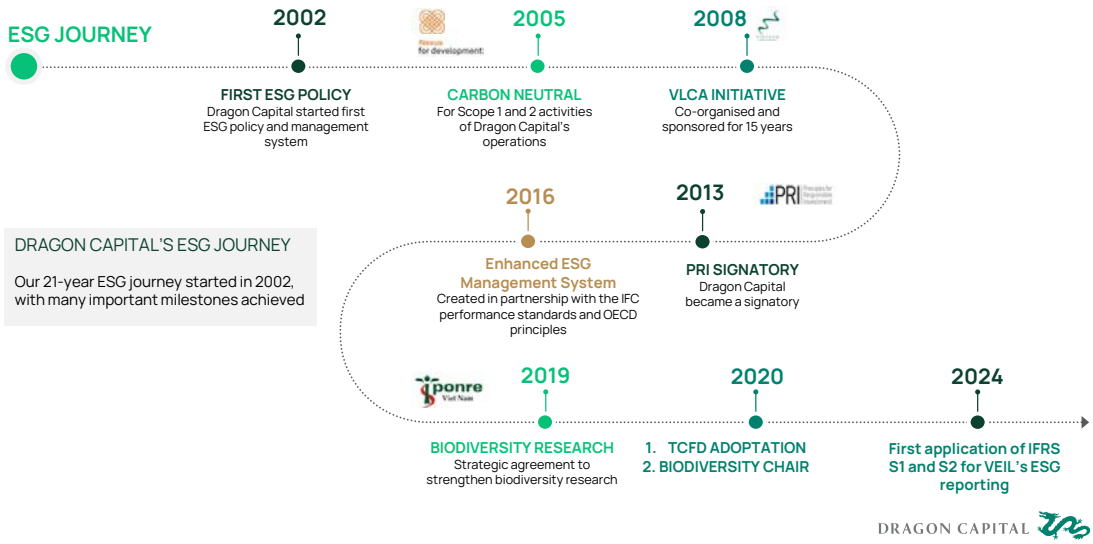
VEIL does not harbour sustainability-related risks within its own operations because the human resources provided for VEIL belongs to Dragon Capital group** ("Dragon Capital") who will report on the sustainability risks and opportunities separately. Hence, this report centres on assessing risks and opportunities linked to VEIL's investment activities. Specifically, it examines ESG-related risks at investee companies, the physical climate risks associated with properties under investee companies, and the scope three financed emissions of the portfolio as of 31 December 2023. These standards become effective in January 2024, signifying that the initial report in compliance with IFRS S1 and S2 should be for the year 2024 and published in 2025.

# 4. ESG and Climate Change Report (Continued)

Given that VEIL has embraced TCFD since 2021 for climate risk reporting and has conducted ESG screening for the entire investment portfolio since 2016, data from 2023 for VEIL are available for the application of IFRS S1 and S2. Consequently, this ESG and Climate Change Report has been formulated in alignment with these standards. By adhering to these standards, VEIL can enhance transparency, comparability, and accountability in its reporting practices. In accordance with these standards, VEIL presents four sections: (1) Governance; (2) Strategy; (3) Risk Management; and (4) Metrics and Targets, aimed at fostering sustainable growth and resilience within the organisation.

This application of IFRS S1 and S2 is also marked in the 21-year ESG journey of Dragon Capital as below:

| Key report contents | |
|---|---|
| 1. Governance | - The Board's oversight of ESG and climate related risks and opportunities.<br>- ESG Working group role in assessing and managing ESG and climate related risks and opportunities. |
| 2. Strategy | - Recognition of ESG and climate related risks and opportunities associated with VEIL portfolio.<br>- Overall approaches to understand and mitigate these risks.<br>- ESG and associated policies: responsible investment policy, including exclusion list, voting and active ownership policy, modern slavery statement, grievance mechanism, non-discrimination policy. |
| 3. Risk Management | - VEIL's process for assessing ESG risks: ESG management system.<br>- VEIL's process for managing ESG and climate related risks: active ownership.<br>- VEIL's process to assessing climate related risks: climate change assessment. |
| 4. Metrics and Targets | - Metrics on active ownership: Voting and engagement statistics and advocacy activities.<br>- Metrics on climate change assessment: physical and transition climate risks.<br>- Forward-looking targets. |



# 4. ESG and Climate Change Report (Continued)

## 1. GOVERNANCE

### Board of Directors

The Board of Directors of VEIL (the "Board") offers advice on sustainability reports prepared by the ESG Working Group, based on its basic responsible investment policy which states: "Dragon Capital seeks to optimise risk-adjusted performance by integrating ESG factors throughout the investment process and across its actively managed funds, comprising public equity and fixed income funds".

The Board embodies diversity and gender equality, reflecting a blend of backgrounds, expertise and experiences. Each Director brings unique perspectives, contributing to effective governance and strategic decision-making.

The Directors' backgrounds, expertise and experiences are presented below, in accordance with ESG and TCFD guidance.

The full biography of each Director can be found in the Board of Directors on pages 55 to 57.

| Director | Position in VEIL | Backgrounds / Expertise / Experiences |
|---|---|---|
| Gordon Lawson | Chair & Independent Non-Executive Director | Gordon Lawson brings extensive City experience, including equity trading and hedge fund management. As Chair of the Board since July 2022, his leadership fosters effective governance and strategic oversight. |
| Vi Peterson | Senior Independent Non-Executive Director | Vi Peterson's international business consultancy background enriches strategic decision-making. She has over 15 years financial management experience in banking as well as risk management experience as chair of risk management committees. Her role as Senior Independent Non-Executive Director and Nomination and Remuneration Committee Chair underscores her commitment to transparency and accountability. |
| Entela Benz-Saliasi | Independent Non-Executive Director / Chair of Risk Management Committee | Entela Benz-Saliasi's expertise in financial asset management and climate risk enhances the Board's risk oversight. Her leadership promotes sustainable practices and addresses climate-related financial risks. |
| Low Suk Ling | Independent Non-Executive Director / Chair of Audit and Compliance Committee | Low Suk Ling has over 13 years of experience as a general counsel in regulated and listed financial institutions. As Audit and Compliance Committee Chair, she strengthens compliance and fosters a culture of integrity and transparency. |
| Sarah Arkle | Independent Non-Executive Director / Chair of Management Engagement Committee | Sarah Arkle's investment management experience and advocacy for diversity enrich board effectiveness. Her leadership promotes stakeholder engagement and inclusive decision-making. |
| Charles Cade | Independent Non-Executive Director | Charles Cade's esteemed career in investment analysis, including pivotal roles at Numis, Winterflood, HSBC, and Merrill Lynch, enriches governance discussions. His expertise underscores the Board's dedication to diversity and excellence in decision-making. |
| Dominic Scriven O.B.E | Non-Executive Director | Dominic Scriven O.B.E's extensive finance experience, particularly in emerging markets, contributes to sustainable business practices. His advocacy for responsible investment and market development aligns with VEIL's commitment to ESG objectives. |

# 4. ESG and Climate Change Report (Continued)

Climate change has progressively become a central topic in ESG discussions. The Board recognises the importance of understanding of the challenges posed to Vietnam, its economy, businesses and communities by climate change and has appointed the Independent Non-Executive Director, Entela Benz-Saliasi in 2019, who is a specialist in the subject with noted credentials.

Since 2020, the Board has chosen to follow the recommendations of TCFD, which include four pillars: (1) Governance; (2) Strategy; (3) Risk Management; and (4) Metrics and Targets. TCFD remains in favour with regulatory support in the UK (where VEIL is listed) and Hong Kong (where the Investment Manager is regulated).

In 2023, the Board discussed the topic of sustainability as follows:

| Themes | Overview |
|---|---|
| Physical climate risk | Aware of the climate value at risk for portfolio in term of physical climate risk. |
| WACI of VEIL versus VN Index | - 5-year historical comparison of WACI between VEIL and the VN Index.<br>- Comparison WACI of sectors to sectors.<br>- Discussion on setting target for portfolio level. |

### ESG Working Group

In 2023, the "ESG Working Group", including members from ESG core team and VEIL's Portfolio Managers of Dragon Capital, held the following discussion on sustainability:

- TCFD report, including physical and transition climate risk;
- Financial Conduct Authority (FCA)'s sustainability disclosure requirements (SDR) and investment labels;
- Upgrading ESG management system to consolidate the new ESG standards worldwide; and
- Engagement strategies for VEIL's investee companies.

# 4. ESG and Climate Change Report (Continued)

## 2. STRATEGY

Recognition of risks and opportunities associated with ESG and climate change is an important step to set strategy for sustainable development in general. In this section, VEIL highlights the risks and opportunities which are deemed to be material to VEIL, including ESG performance of investee companies' level and portfolio level, as well as climate change assessment.

| ESG and climate change risks and opportunities | Potential impacts |
|---|---|
| ESG related incidents at investee companies | Public perceptions of investee companies could impact reputation and company valuation. |
| Overall ESG performance of investee companies | Creating long-term value in capturing consumer trends while enhancing internal and external resource management. |
| Physical climate risk | - Loss event-driven impacts, related to the severity and increase frequency of the extreme weather events (including floods, wildfires, droughts and hurricanes, among others).<br>- Overall shifts in climatic behaviour, such as extreme temperature and precipitation patterns, sea level rise, etc.<br>- Both chronic and acute climate events, may induce losses to the investee companies. Damage to the assets/factories as well as potential operational disruption might increase the liquidity risk, financing risk and market risk overall. |
| Transition climate risk | - Policy changes and legal risks.<br>- Disruptive technologies reducing demand for clients' products or services.<br>- Changing public perceptions of products or companies. |

Based on the ESG and climate change risks and opportunities listed above, Dragon Capital and VEIL applies the following approaches to understand and mitigate the risks or capture opportunities:

- ESG management system;
- Active ownership, including engagement policy especially when ESG related incident occurs; and
- Climate change risk assessment.

Details of each approach are presented in the Risk Management section below.

### ESG and associated policies

VEIL follows the Dragon Capital's responsible investment policy which highlights its mission, beliefs and approach in responsible investment spectrum. The responsible investment policy also describes the ESG integration process, including ESG management system, active ownership and a list of activities excluded from investment.

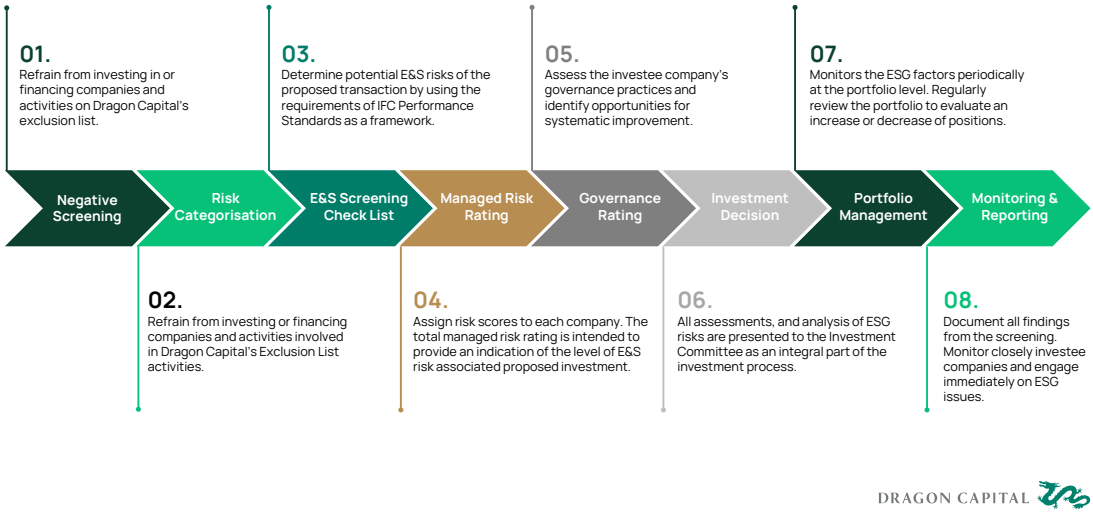
The responsible investment policy is available in the Dragon Capital's website: https://www.dragoncapital.com/about/responsible-investment/

Further, VEIL has anti-slavery and human trafficking statement in compliance with the Modern Slavery Act 2015 (https://www.veil-dragoncapital.com/modern-slavery-statement/). The Code of Conduct and Employee Handbooks of Dargon Capital group also have a statement for grievance mechanism and non-discrimination. These state that Dragon Capital is committed to providing equal employment and advancement opportunities to all individuals, and ensure that employment decisions at Dragon Capital are based on individual merit, abilities and qualifications. Consistent with these principles, it is Dragon Capital's policy not to discriminate in employment opportunities or practices based on race, colour, religion, sexual orientation, gender expression, ethnicity, national origin, age, marital status or disability.

# 4. ESG and Climate Change Report (Continued)

## 3. RISK MANAGEMENT

### ESG management system




The ESG management system ("ESMS") will help Dragon Capital and VEIL to screen the ESG risk and opportunities, assess overall ESG performance of investee companies before making the investment decision.

Further, the ESMS also includes the monitoring and reporting steps at investee companies as well as the VEIL side.

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

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

The ESMS is undergoing an upgrade which will adopt the ESG standards worldwide.

### Active ownership

Active ownership has been a key element of VEIL's and Dragon Capital's approach to promoting good corporate governance and safeguarding its shareholders interests. The three main components of the active ownership strategy of Dragon Capital's ESG core team are: (i) advocacy; (ii) voting rights; and (iii) engagement.

**(i) Advocacy**

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

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

# 4. ESG and Climate Change Report (Continued)

### (ii) Voting Rights

VEIL believes that exercising its voting rights is a critical component of responsible investing. Dragon Capital, on behalf of VEIL and at the approval of the Board, participates diligently and prudently in all shareholder meetings called by its investee companies, whether general or extraordinary, to protect its interests and those of its investee companies. VEIL recognises the importance of adapting to changes in the voting landscape and ensuring that all its e-votes are properly registered. While in-person voting remains an essential feature of the voting process, VEIL also acknowledges the growing popularity of e-voting as a convenient and accessible alternative.

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

### (ii) Engagement

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

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

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

### Climate change assessment

Regarding climate change assessment, Dragon Capital has elected to retain the service of a third-party specialist, Intensel Limited ("Intensel"), to continue its analysis of the impact of climate change on VEIL's portfolio.

The subscription to Intensel's Software-as-a-Service ("SaaS") allows the ESG Working Group to directly, independently and securely perform an analysis of the impact of climate change on VEIL's portfolio on an on-demand basis, both periodically and at any time there are changes to the investee companies in their portfolio. SaaS asset level customisations feature also allows for greater accuracy of the analysis and CVaR.

The assessment of ESG risks in the portfolio has become a regular agenda item for the Board's discussions since 2021. The key assumptions and findings in relation to VEIL's portfolio as at the end of 2023 are discussed in the sections below.

### Climate Assumption

A fundamental debate when it comes to climate change risk and projected losses has been the projected pathway of the impact of climate change under different scenarios. Dragon Capital on behalf of VEIL assess the CvaR under six climate scenarios and four time periods (2020, 2030, 2050, 2100) to better understand the evolutions of the risks as well as the spread of the potential losses under various forward looking scenarios.

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

RCP scenarios were developed by the Intergovernmental Panel on Climate Change (IPCC) in 2014, while SSP scenarios were developed by a group of researchers in 2016. SSP scenarios are more recent and provide a more comprehensive set of assumptions about socioeconomic and technological developments.

One key difference between the two is that SSP scenarios explicitly consider different possible pathways for socioeconomic development, while RCP scenarios assume a more linear progression of economic growth and energy use.

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

# 4. ESG and Climate Change Report (Continued)

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

The scenarios that have been chosen for VEIL's analysis are presented as follows:

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

**Transition Risk**

Whilst Vietnam remains comfortably on track not to exceed its disclosed Nationally Determined Contribution (NDCs), due to its status as a developing country, the Vietnamese Government (the "Government") recognises the climate change risks facing the country.

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

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

In view of the limited availability of data, Dragon Capital has utilised the Intensel's SaaS platform to approximate the TCFD's suggested metrics of GHG emissions and WACI for assessing Transition Risk. The SaaS platform employs carbon sector intensity, measured in terms of tonnes of $CO_2$ emitted per one million dollars of revenue. Additionally, the WACI for the local benchmark indexes of VN Index and VN30 Index was calculated using the Intensel's carbon sector intensity and the calculation formula proposed by Morgan Stanley Capital International (MSCI ESG Metrics Calculation Methodology, December 2022).

## 4. METRICS AND TARGETS

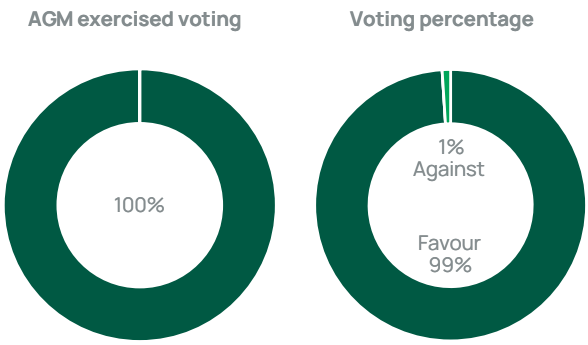
### Voting statistics in 2023

Notably, every year prior to the annual general meeting ("AGM") season, Dragon Capital works closely with its investee companies, including those of VEIL, to offer practical approaches that bridge the gap between international best practices and most importantly, align with shareholders' benefits. The guiding motto of Dragon Capital and VEIL is to embrace active engagement, leveraging their expertise and resources to drive positive change and unlock value for shareholders.

Dragon Capital and VEIL exercises the voting rights in 100% of their listed investee companies with detailed voting statistics provided below.

Given the aim of promoting active engagement with investee companies, Dragon Capital on behalf of VEIL engages with certain investee companies upon receiving their proposals prior to their AGM. As a result of this engagement, two investee companies accepted the suggestions from Dragon Capital and VEIL, for example, the case study of Company A mentioned below. Consequently, there was no need to take action at the AGM and VEIL voted for the management of these companies.

However, there was one occasion where VEIL had to take action at an AGM by voting against the management. This pertained to an investee company that presented two proposals for an employee stock ownership plan ("ESOP") and employee bonuses at its 2023 AGM. The programme represented a significant cost to shareholders in comparison to the company's net profit gained during the reporting period. VEIL shared the view that the ESOP programme was excessively large and lacked proper structure, especially since it was not linked to any performance measures. Despite expressing VEIL's concerns, both proposals were retained for the AGM, leading VEIL to vote against them.




Source: Fund data

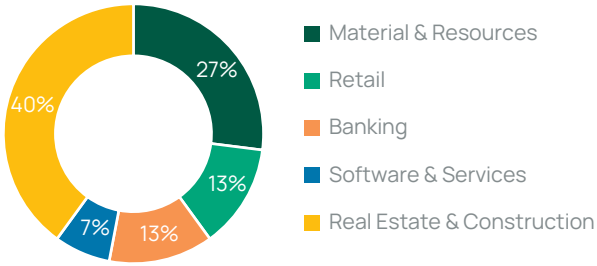
# 4. ESG and Climate Change Report (Continued)

## Engagement statistic in 2023

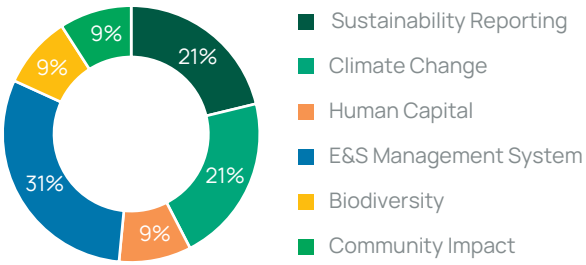
In 2023, VEIL had 15 ESG engagement cases directly focused on investee companies from different sectors. The charts below present these engagements classified by sectors, engagement objectives and themes, and the positions at which VEIL engaged.

The tables set out in the following pages provide some examples of VEIL's engagement with investee companies in 2023.

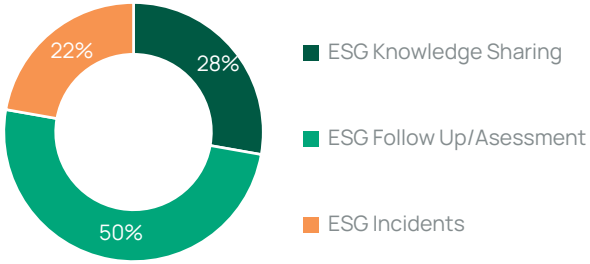
### Engagement by sector



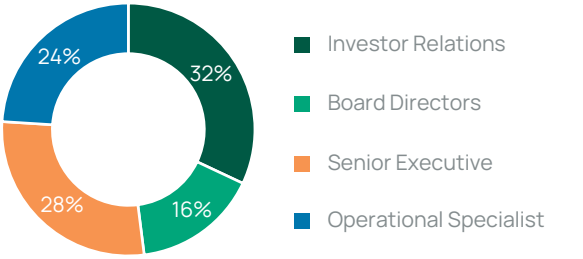

### Engagement by theme




### Engagement objectives




### Engagement by position




Source: Fund data

# 4. ESG and Climate Change Report (Continued)

**Advocacy and Engagement with research/public institutes and policy makers:**

| No. | Date | ESG Advocacy and Engagements |
|---|---|---|
| 1 | 2 November 2023 | EuroCham successfully organised the Green Economy Forum 2023 in Hanoi, following the triumph of the Green Economy Forum & Exhibition 2022.<br><br>Vietnam's micro, small, and medium-sized enterprises are increasingly embracing the ESG framework, influenced by the country's commitment at the COP26 conference and the global shift towards sustainability.<br><br>As ESG reporting indicators and sustainable development metrics progressively become essential benchmarks, foreign investors increasingly prioritise these criteria when making investment decisions. Pham Nguyen Vinh emphasised the significance of leadership, team commitment and the implementation method of ESG aligned investments. |
| 2 | 16 November 2023 | The Vietnam Circular Economy Forum 2023, themed "Developing a National Action Plan to Implement a Circular Economy" took place in Hanoi, organised by the Ministry of Natural Resources and Environment ("MoNRE"). Deputy Prime Minister Tran Hong Ha, along with leaders from ministries, NGOs, international organisations, universities, businesses, and experts attended the event.<br><br>Dominic Scriven O.B.E stressed integrating reduction, reuse, and recycling principles into the financial system. He underscored adherence to economic cycles regulations and risk management while exploring investment opportunities in emerging areas. Dominic discussed global biodiversity measurement, collaborating with Institute of Strategy Policy on Natural Resources and Environment for biodiversity credit research.<br><br>Around 100 countries, including Vietnam are exploring biodiversity credits as a financial tool for biodiversity protection, appealing to environmentally conscious investors. |
| 3 | 6 December 2023 | Dragon Capital participated as a panel list in a conference of Decarbonizing Southeast Asia – the role of business sector and developing financing institutions in materialising net zero ambitions. This is the side event of COP28 in Dubai, UAE. The objective was to discuss among financing institutions, private sector, banking institutions, and government officials from the region to deep dive into in-country efforts currently being made, and collectively discuss the following aspects of implementation.<br><br>During the conference, Nguyen Nhat Ha Chi, ESG Manager of Dragon Capital, shared insights from Dragon Capital's 20 years of journey in ESG, with a specific emphasis on initiatives related to decarbonisation and biodiversity. |

# 4. ESG and Climate Change Report (Continued)

**Examples of engagement with investee companies:**

| Company A | |
|---|---|
| **Industry** | Retail |
| **Issue** | Governance issue relating to ESOP programme |
| **Details of engagement** | Many retail companies in Vietnam have implemented ESOP programmes. While this scheme has its advantages, Dragon Capital recognised potential drawbacks and anticipated future accounting policy changes that could impact business results. To address these concerns, Dragon Capital and VEIL's portfolio manager conducted in-depth case studies on stock options, presented to the investee companies, including Company A, their applications, impact, and allocation policies to ensure shareholders were not excessively diluted and that value creators and key personnel in the firm received appropriate rewards.<br><br>In addition, Vietnamese companies predominantly distribute profits through cash payments, disregarding the global practice of buying back treasury shares.<br><br>Recognising the potential benefits of this approach, Dragon Capital analysed its pros and cons and introduced it to their investee companies which have the strongest recurring cash flow. |
| **Decision and outcome** | **Positive:**<br>Company A adjusted the ESOP programme from the initial plan, minimising dilution by incorporating operational and financial targets, and started experimenting with stock option mechanics.<br><br>Company A embraced Dragon Capital's proposal on the global practice of buying back treasury shares and included it in its AGM resolutions as an open option. |

| Company B | |
|---|---|
| **Industry** | Material |
| **Issue** | E&S knowledge sharing and an ESG related incident |
| **Details of engagement** | Multiple engagements were made with Company B, including E&S Knowledge sharing on the upcoming mandate for the steel sector; i) CBAM; ii) GHG inventory disclosure; and iii) emission reduction plan.<br><br>Keep encouraging Company B to improve ESG practice.<br><br>**March 2023:** Understand the corrective action to the inundation incident occurred in the community near Company B's largest factory. |
| **Decision and outcome** | **Positive:**<br>Company B understands the new mandate, e.g. CBAM, GHG inventory disclosure, and is engaging with third parties to prepare data, roadmaps to fulfil the new requirements. And they expect the ESG report will be published in 2024 with GHG emission disclosure.<br><br>Company B embraced Dragon Capital's suggestion on ESG team establishment and is in the process to set up an integrated team.<br><br>Regarding the inundation incident in March 2023, Company B cooperated with local government to solve the problems. Further, Company B shared that their public relation management team is responsible for social listening and frontier office to receive controversies/complaints. |

# 4. ESG and Climate Change Report (Continued)

## Climate change assessment in 2023

### Physical risk metrics

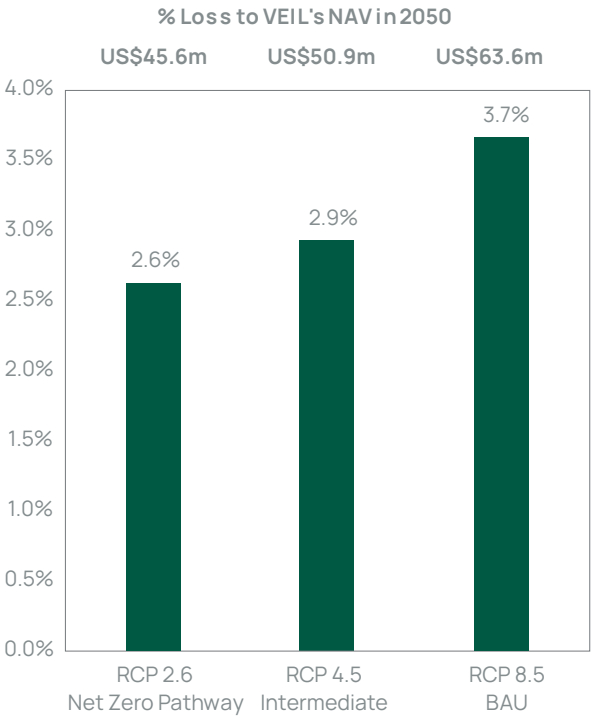
Percentage loss compared to the portfolio's NAV and CVaR are the two metrics used in this section.

The NAV as of 31 December 2023 was used to estimate the percentage of loss in three scenarios:

- RCP 8.5 corresponding to BAU, without additional efforts to constrain emissions.
- RCP 4.5 corresponding to intermediate scenario that declines by 50% on 2050 levels by 2100.
- RCP 2.6 corresponding to the most stringent scenario, i.e. net zero case pathway.

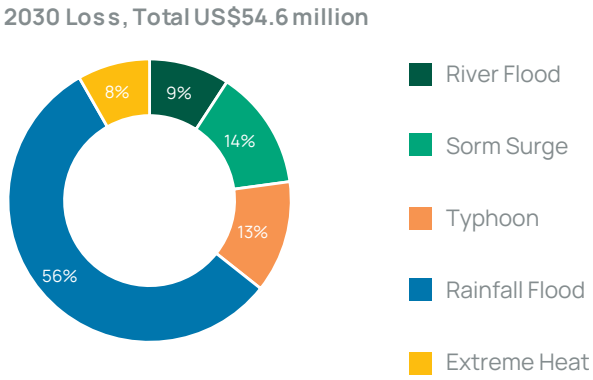
Physical CVaR measures the maximum amount of loss to be co-incurred over a one-year period given that a one in one-hundred-year extreme event occurs (across the climate hazards in consideration).

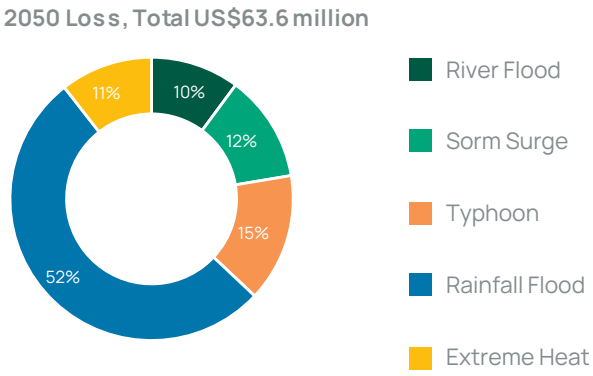
The figure below shows that with the investment portfolio as of 31 December 2023, VEIL's physical CVaR corresponding to the three scenarios of RCP 2.6, 4.5 and 8.5 in 2050 would be US$45.6 million, US$50.9 million, and US$63.6 million, respectively. When interpreting into the percentage loss to the NAV, the numbers would be 2.6% in the net zero pathway scenario, 2.9% in the intermediate scenario and 3.7% in the BAU scenario.




Source: Fund data calculated from Intensel Ltd. SaaS platform

The physical risk assessment also delved deeper into which types of climate hazards contribute the most to the portfolio losses. The two pie charts below illustrate the proportion of portfolio losses attributed to climate hazards for the year 2030 and 2050 under the BAU scenario. In 2030, the portfolio loss, or physical CVaR, is predicted to be US$54.6 million, and for 2050, it is expected to reach US$63.6 million. Out of five key climate hazards considered, rainfall flood accounts for the highest loss (56% in 2030 and 52% in 2050), followed by typhoon (wind related damages), which contributes 13% and 15% to the losses in 2030 and 2050, respectively. (Note: no asset-level mitigations are considered on this analysis)




Source: Fund data calculated from Intensel Ltd. SaaS platform

# 4. ESG and Climate Change Report (Continued)

**Transition risk metrics**

The four key metrics of GHG emission recommended by TCFD were calculated for VEIL and are presented as follows:

- WACI: portfolio's exposure to carbon-intensive companies, expressed in ton $CO_2e$/$M revenue;
- Total carbon emission for scope 1 and 2: the absolute GHG emissions associated with VEIL portfolio, expressed in ton $CO_2$ equivalent;
- Carbon footprint: total carbon emission for VEIL normalised by the market value of VEIL, expressed in ton $CO_2e$/$M invested;
- Carbon intensity: volume of carbon emission per million dollars of revenue, expressed in ton $CO_2e$/$M revenue; and
- Transition CVaR: the maximum amount of loss to be incurred if all the carbon emission scope 1 & 2 of VEIL's portfolio is subjected to a carbon tax equally to EU ETS carbon price of US$82/tonne CO2 as of 31 December 2023. EU ETS carbon price is currently the highest value across the carbon markets worldwide.

Values of these key metrics are presented for 2023:

| Key metrics | Values |
|---|---|
| WACI | 143 tonne $CO_2e$/$M revenue |
| Total carbon emission scope 1 & 2 of VEIL portfolio | 193.798 tonne $CO_2e$ |
| Carbon footprint | 112 tonne $CO_2e$/$M invested |
| Carbon intensity | 198 ton $CO_2e$/$M revenue |
| Transition CVaR | US$15.9 million (0.9% of NAV) |

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

The figure below presents the WACI of VEIL against other indexes in 2023.

Source:
- MSCI indexes' WACI as of December 2023 were derived from the number of base year in 2021 using the Decarbonization Trajectory of Indexes proposed in MSCI (MSCI Climate Change Indexes Methodology, 2024), resulting in the WACI in 2023 were about 15% lower than the values in 2021.
- The WACI of VN Index were calculated using the methodology proposed by MSCI (MSCI ESG Metrics Calculation Methodology, December 2022), and inherited the emission sector intensity from Intensel Ltd.
- The WACI of were calculated by the SaaS platform of Intensel Ltd.

# 4. ESG and Climate Change Report (Continued)

**Forward-looking target**

**Intentions**

**ESG scoring and screening:** Dragon Capital and VEIL aim to develop the scorecard for banking and financial institutions to ensure that ESG scoring will cover all investee companies.

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

**Targets**

In 2024, VEIL will set three main targets for the portfolio as follows:

1) Ensure that all investee companies, including financial institutions, achieve an ESG scoring and rating;
2) Maintain a WACI for VEIL that is consistently lower than the VN Index; and
3) Engage with top 10% companies in VEIL portfolio ranking the highest on climate risk on their climate adaptation policy, strategy and ability to absorb the losses.

# 5. Corporate Governance Statement

## Introduction

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

## Compliance with Corporate Governance Codes

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

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

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

It is the Board's view that the Company has complied with the Principles and Provisions of the AIC Code during the year ended 31 December 2023.

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

Table 1 at the end of this Corporate Governance Statement describes how the Board has applied the 17 Principles of the AIC Code in practice during the year ended 31 December 2023.

## Section 172 of the UK Companies Act 2006

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

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

(collectively, the "s.172 matters").

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

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

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

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

During the year ended 31 December 2023, the Board and the Investment Manager have taken steps to explicitly use the Company's investments and influence to advocate for a low-carbon, environmentally sustainable and inclusive economy.

This aims to deliver long-term sustainable returns through different aspects including making better decisions by systematically and explicitly integrating environmental, social and governance ("ESG") factors into the investment process which aligns with the investment objectives of the Company.

More information on the Company's ESG management system, governance and strategy, and risk management can be found in the ESG and Climate Change Report on pages 16 to 29.

## Listing Rule 9.8.4C

Listing Rule 9.8.4C requires the Company to include certain information in a single identifiable section of this annual report or a cross reference table indicating where the information required in LR 9.8.4 R is set out.

The Directors confirm that there are no disclosures to be made in this regard, other than in accordance with LR 9.8.4(5) and LR 9.8.4(6), the information of which is detailed in Note 10 to the Financial Statements (under "Directors' fees"), and LR 9.8.4(10), the information of which is detailed under "Directors' Interests in Contracts" in the Report of the Board of Directors on pages 59 to 61.

# 5. Corporate Governance Statement (Continued)

## Directors

The following were Directors during the year ended 31 December 2023 and to the date of this annual report:

- Gordon Lawson: Chair
- Vi Peterson: Independent Non-Executive Director (until 31 October 2023), Senior Independent Non-Executive Director (from 1 November 2023)
- Entela Benz-Saliasi: Senior Independent Non-Executive Director (until 31 October 2023). Independent Non-Executive Director (from 1 November 2023)
- Low Suk Ling: Independent Non-Executive Director
- Sarah Arkle: Independent Non-Executive Director
- Charles Cade: Independent Non-Executive Director (from 1 October 2023)
- Dominic Scriven O.B.E: Non-Executive Director

As at 31 December 2023, the Board consisted of seven Non-Executive Directors, six of whom were independent of the Investment Manager, whose individual knowledge and experience provide a balance of skills and expertise relevant to the Company and it was considered that they commit sufficient time to the Company's affairs.

The biographical details of the Directors are provided on pages 55 to 57.

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

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

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

Dominic Scriven O.B.E is the Director of Dragon Capital Group Limited, the parent of the Investment Manager and also acts as the Chairman of the Dragon Capital group Dominic Scriven O.B.E is, therefore, not considered to be independent of the Investment Manager.

There are no Executive Directors on the Board.

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

As at 31 December 2023, two out of the seven Board members originate from an Asian ethnic background (Vietnam and Singapore) and four out of the seven Board members are female.

Details of the individual board remuneration of Directors and their beneficial interests in the Company as well as details of the Committees and their composition are disclosed in this Corporate Governance Statement pages 30 to 50 and the Directors' Remuneration Report on page 54.

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

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

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

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

# 5. Corporate Governance Statement (Continued)

## Directors' Duties and Responsibilities

The Directors have adopted a set of Reserved Powers, which establish the key purpose of the Board and detail its major duties.

These duties cover the following areas of responsibility:

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

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

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

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

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

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

The Board also performs a review of the share price performance, the discount and the share buyback policy, as well as credit facilities. The Board continually monitors the share price discount to Net Asset Value ("NAV") daily and exercises its right to buy back shares when the Board considers that it is in shareholders' interests to do so.

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

All above matters are reviewed at each quarterly Board meeting with the Directors receiving updates from the Investment Manager, Corporate Broker, legal advisor, and auditor.

## Board and Committees

For the period from 1 January 2023 to 31 October 2023, there were three committees:

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

On 1 November 2023, the Company announced the separation of its existing Audit and Risk Committee into (i) an Audit and Compliance Committee and (ii) a Risk Management Committee.

This separation reflects the increasing importance of risk management (including ESG and climate change risks) as a separate oversight function of the Board.

The Board has also reviewed and reconstituted the membership of each of its committees.

As at 31 December 2023, the Board has established four committees:

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

# 5. Corporate Governance Statement (Continued)

Table 2 at the end of this Corporate Governance Statement describes the composition of each committee from 1 January to 31 October 2023, from 1 November 2023 to 30 June 2024, and from 30 June 2024 on wards.

The responsibilities of the four Committees are described below. All members of the Committees are independent.

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

## Audit and Compliance Committee

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

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

During the year ended 31 December 2023, the Board has reviewed the Board Committees and their function and on 1 November 2023, the Audit and Risk Committee was split into the Risk Management Committee and the Audit and Compliance Committee.

Detailed information on the Audit and Compliance Committee can be found in the Report of the Audit and Compliance Committee on pages 51 to 53.

## Risk Management Committee

On 1 November 2023, in light of impending new legislation setting higher standards for financial reporting of Financial Times Stock Exchange ("FTSE") 350 companies, the Board announced the separation of its existing Audit and Risk Committee into (i) an Audit and Compliance Committee and (ii) a Risk Management Committee. The latter change reflects the increasing importance of risk management (including ESG and climate change risks) as a separate oversight function of the Board.

The Risk Management Committee assists the Board in fulfilling its oversight responsibilities by reviewing and monitoring:

- the Company's attitude and appetite for risk and its future risk strategy;
- the Company's and Investment Manager's systems of internal controls and risk management;
- how risk is reported internally and externally; and
- the process of identifying, assessing, and controlling both the Company and portfolio risks to prevent, mitigate or transfer such risks.

In particular, the Risk Management Committee reviews and challenges where necessary:

- investment risks including but not limited to market, credit, liquidity and leverage risk;
- current and prospective risks faced by the Company and its future strategy;
- the Company's strategies, goals and commitments related to sustainability and ESG; and
- business operational risks, including in relation to the Investment Manager, comprising including but not limited to:
  - middle and back office;
  - business Continuity;
  - information technology and cyber security;
  - human capital;
  - service providers;
  - legal/regulatory compliance.

The Risk Management Committee reviews the adequacy and effectiveness of the Company's risk management systems, looking in particular at how quantitative and qualitative risks are reported to the Board, triggers for reporting, and how risk management is considered in decisions by the Board.

The Risk Management Committee provides oversight and guidance to the Board in relation to actual and potential conflicts of interest between the Company and any related parties or providers of services to the Company.

Actual or potential conflicts of interest regarding valuation recommendations is generally overseen by the Audit and Compliance Committee of the Company.

The Risk Management Committee meets at least twice a year, and the Chair of the Risk Management Committee maintains dialogue with key individuals involved in the Company's governance, including the Chair of the Board, the Investment Manager and other key service providers.

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

# 5. Corporate Governance Statement (Continued)

## Management Engagement Committee

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

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

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

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

The Board considers the arrangements for the provision of investment management services to the Company on an on-going basis and a formal review is conducted annually by the Management Engagement Committee which consists solely of Directors independent of the Investment Manager.

The review considers investment strategy, investment process, performance and risk and is carried out through meetings between the Management Engagement Committee and the Investment Manager.

As part of this review, the Board considered the quality and continuity of the personnel assigned to handle the Company's affairs, the investment process and the results achieved to date.

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

During the year ended 31 December 2023, the Management Engagement Committee met twice to discuss and assess service providers covering marketing and research, fund administration, custody, corporate broker, Board platform, auditor, legal counsel, and investment management of the Company.

## Nomination and Remuneration Committee

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

The skills, experience and length of service of each Director are detailed in the Directors' biographies on pages 55 to 57.

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

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

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

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

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

Details of the Directors' remuneration can be found on the Directors' Remuneration Report on page 54 and in Note 10 to the Financial Statements. The Directors' interests (including interests of connected persons) can be found in the Report of the Board of Directors on pages 59 to 61.

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

During the year ended 31 December 2023, the Nomination and Remuneration Committee met three times to discuss succession planning, monitor and review key person risk and conduct ongoing review of the Board and Committee composition.

# 5. Corporate Governance Statement (Continued)

Following the Committee's approved plan, Charles Cade, Independent Non-Executive Director, was appointed on 1 October 2023.

On 1 November 2023, the Company has announced that Gordon Lawson would step down as the Chair of the Board and resign from the Board, both effective 30 June 2024.

Gordon Lawson has served as the Independent Non-Executive Director of the Company since 8 July 2014, and as the Chair of the Board since 1 July 2022.

The Board has elected Sarah Arkle, currently the Independent Non-Executive Director, to replace Gordon Lawson as the Chair of the Board after Gordon Lawson steps down on 30 June 2024.

Also, with effect from 1 November 2023, Vi Peterson replaced Entela Benz-Saliasi as the Senior Independent Non-Executive Director of the Board.

All Directors will again offer themselves for re-election (or in the case of Charles Cade, election) to the Board at the next Annual General Meeting ("AGM") of the Company in 2024 in accordance with corporate governance best practice.

As at 31 December 2023, the independence of the Board consisted of six Non-Executive Directors who are independent of the Investment Manager.

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

## Board Independence, Composition and Diversity

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

The recruitment policy of the Board is to appoint the best qualified person for the job, by considering factors such as diversity of thought, experience and qualifications, as well as ethnic and gender diversity.

New appointments are identified against these requirements and the need to achieve a balanced Board.

As at 31 December 2023, the Board consisted of six Independent Non-Executive Directors and one Non-Independent Non-Executive Director.

As at 31 December 2023, the Company has no employees and no "senior management" and no "ExCo and ExCo minus one" defined by Parker Review.

### Targets pre-2027

The Company aims to have at least two directors from an ethnic minority group. This target has been achieved since 2016 and as at 31 December 2023, the Company has two directors with an ethnic minority background.

The Company also aims to have at least two female directors. This target has been achieved since 2019 and as at 31 December 2023, the Company has four female Directors out of a total of seven Directors.

### Targets post-2027

The Company aims to have at least two directors from an ethnic minority group. This target has been achieved since 2016 and as at 31 December 2023, the Company has two directors with an ethnic minority background.

The Company also aims to have at least two female directors. This target has been achieved since 2019 and as at 31 December 2023, the Company has four female Directors out of a total of seven Directors.

## Listing Rule 9.8.6

The Directors confirm that, as at 31 December 2023, the Company has met the targets on board diversity set out in Listing Rule 9.8.6(9)(a), with 57.14% of the Board being women (including the senior independent director) and two out of seven directors being from minority ethnic backgrounds.

Table 3 at the end of this Corporate Governance Statement has been constructed using data provided by the Directors on a voluntary basis. Each director received an email containing the same table format as Table 3 and was asked to tick the boxes applicable to them.

## Directors' Appointment and Policy on Payment of Loss of Office

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

A Director may resign from office with three months' notice.

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

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

# 5. Corporate Governance Statement (Continued)

### Appointment

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

### Performance, Service Contracts, Compensation and Loss of Office

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

## Re-election of Directors

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

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

## Conflict of Interests

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

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

Directors are required to disclose all actual and potential conflicts of interest to the Chair of the Board in advance of any proposed external appointment.

In deciding whether to approve an individual Director's participation, the other Directors will act in a way they consider to be acting in good faith in assessing the materiality of the conflict in accordance with the Company's Restated and Amended Memorandum and Articles of Association.
The Board believes that its powers of authorisation of conflicts of interest have operated effectively.

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

As at 31 December 2023, none of the Directors had a material interest in any contract which is significant to the Company's business other than Dominic Scriven O.B.E in relation to the investment management agreement dated 23 May 2016 between the Company and the Investment Manager (the "Investment Management Agreement") as further detailed under "Directors' Interests in Contracts" in the Report of the Board of Directors on pages 59 to 61.

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

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

As at 31 December 2023, the Company had not engaged Intensel to provide any services.

The Directors' holdings in the Company can be found in the Report of the Board of Directors on pages 59 to 61.

## Performance Evaluation

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

In May 2023, the Nomination and Remuneration Committee, on behalf of the Board, has engaged with Lintstock Limited, a global third party advisor to the boards of a variety of companies, including over 50 investment trusts, for two year service contract. The purpose is for the Board to get a concise and clear report on the perception of Board performance, whilst ensuring that the anonymity of all respondents is respected. Lintstock will also formulate a number of key observations and recommendations for improvement each year.

# 5. Corporate Governance Statement (Continued)

The Lintstock Board evaluation was conducted through a survey-based Board review in 2023, and a follow-up Board review with Director interviews in 2024. The approach in each year includes reviews of Chair and Committee performance, as well as individual Director evaluations. Based on its recommendations, the Board will determine what skill set/requirements they should develop for the existing Directors and seek from new Directors.

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

## Induction/Information and Professional Development

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

Regulatory and legislative changes affecting Directors' responsibilities are advised to the Board as they arise along with changes to best practice from, amongst others, the Company Secretary, the Company's external legal advisor, and the Auditor.

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

The Company has a clear policy and process on the nomination, induction, and ongoing professional development of new Directors. In addition, the Nomination and Remuneration Committee also issued a formal recruitment policy paper for Independent Non-Executive Directors (the "Policy"). The Policy establishes a framework that sets a standard for recruitment practice, procedures, and strategies for Non-Executive Directors of the Company to ensure consistency and compliance with AIC Code and/or Financial Reporting Council ("FRC") Standard.

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

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

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

Table 4 at the end of this Corporate Governance Statement lists the number of Board and Committee meetings attended by each Director.
During the year ended 31 December 2023, there were four Board meetings, two Audit and Risk Committee meetings (before the split on 1 November 2023), two Management Engagement Committee meetings and three Nomination and Remuneration Committee meetings.

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

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

Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered, including the control systems in operation in so far as they relate to the affairs of the Company.

## Investment Manager

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

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

From 1 July 2024, the management fee shall be calculated and accrued daily at a flat rate of 1.5% per annum of the Company's NAV.

On 1 December 2023, the Company announced a reduction in the management fee with effect from 1 July 2024, following a review of the annual management fee, and discussions with the Investment Manager.

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

The Investment Manager is not entitled to a performance fee.

# 5. Corporate Governance Statement (Continued)

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

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

The Investment Manager has invested the assets of the Company with a view to spreading investment risk in accordance with its published investment policy as set out in the Portfolio Manager's Report on pages 7 to 15.

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

Both the Board and the Investment Manager have formalised agreements and have a clear understanding of the operational policies laid out between the parties.

These rules are detailed in the Investment Management Agreement or in other policies such as the Company's discount control policy.

The Board is ultimately responsible for ensuring that sound systems of internal control of the Company are maintained to safeguard shareholders' investments and the Company's assets.

The Risk Management Committee undertakes an annual review of the effectiveness of the Company's systems of internal control and the Directors believe that an appropriate framework is in place to ensure that sound systems of internal control are maintained by the Company.

Furthermore, the Board has an ongoing process for identifying, evaluating and managing risks to which the Company is exposed including those contained within the performance of the investment management activities.

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

The Investment Manager monitors the Company's activities on a daily basis and ensures that the appropriate controls are exercised over the Company's assets.

The systems of internal control operated by the Company are designed to manage rather than eliminate risk of failure in achieving its objectives and will only provide reasonable and not absolute assurance against material misstatement or loss.

The Board receives and considers reports regularly from the Investment Manager, with ad hoc reports and information supplied to the Board as required.

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

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

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

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

The Directors have access to the advice and service of the Company Secretary through its appointed representative who is responsible to the Board for ensuring that Board procedures are followed, and that applicable rules and regulations are complied with.

The Board, the Investment Manager and those service providers operate in a supportive, co-operative and open environment.

At each Board meeting, a representative of the Investment Manager is in attendance to present verbal and written reports covering local and global macro-economy, its activity, the portfolio and investment performance over the preceding period.

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

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

# 5. Corporate Governance Statement (Continued)

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

The Board has delegated the exercise of voting rights attaching to the securities held in the portfolio to the Investment Manager.

The Investment Manager follows a proxy voting policy when voting, which provides for certain matters to be reviewed on a case-by-case basis.

Proxy voting is an important part of the corporate governance process, and the Investment Manager views its obligation to manage the voting rights of the shares in investee companies seriously as it would manage any other asset.

Consequently, votes are cast both diligently and prudently, based on the Investment Manager's reasonable judgment of what will best serve the financial and governance considerations of the Company.

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

In order to do this, the Investment Manager agrees its stance on a variety of key corporate governance issues, including disclosure and transparency, board composition, committee structure, director independence, auditor rotation and social and environmental issues.

These guidelines form the basis of its proxy voting decisions, although they are equally cast on a case-by-case basis, taking into account the individual circumstances of each vote.

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

## Administrator and Custodian

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

## Company Secretary

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

## Shareholder Engagement

The Board believes that the maintenance of good relations with shareholders is important for the long-term prospects of the Company. It has, since admission, sought to engage with shareholders.

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

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

During the year ended 31 December 2023, the Investment Manager had periodic meetings with shareholders to discuss aspects of the Company's performance.

The Chair and other Board and Directors make themselves available as and when required to address shareholder queries.

Shareholders wishing to raise questions are encouraged to write to the Company's Administrator at the address shown on page 100 or contact the Investment Manager using the contact details also provided on page 101.

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

The AGM will be attended by at least one Director.

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

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

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

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

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

# 5. Corporate Governance Statement (Continued)

This includes information contained within annual reports, interim (semi-annual) reports, the packaged retail and insurance-based investment products key information document (PRIIP-KID), monthly reports, factsheets and frequent webinars, as well as notices of any significant event to registered shareholders.

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

The Company also releases information through the London Stock Exchange.

## Annual General Meeting

The AGM took place at 2406, 24/F., 9 Queen's Road, Central, Hong Kong on 23 June 2023 at 4:00pm (Hong Kong time). The result of the AGM can be found on page 58.

## Internal Audit

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

## Internal Controls and Risk Management System

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

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

## Principal Risks and Uncertainties

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

In particular, the Risk Management Committee reviews and challenges where necessary:

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

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

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

The principal risks and uncertainties identified by the Board, together with the way in which the Board seeks to manage those risks and uncertainties, can be found in the Report of the Audit and Compliance Committee on pages 51 to 53.

The Directors have not identified any other principal risk or uncertainty during the year ended 31 December 2023.

## Viability Statement

The Directors have assessed the prospects of the Company over a three-year period to 31 December 2026.

The Directors believe that this period is appropriate because it would provide the Investment Manager the time needed to successfully unlock the value of the Company's underlying portfolio.

Following the detailed analysis of the Board, it has concluded that, based on the Company's current position, the principal risks and uncertainties that the Company faces and their potential impact on its future development and prospects, there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities when they fall due over the three-year period to 31 December 2026.

## Going Concern

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

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

For this reason, the Directors have adopted the going concern basis in preparing the financial statements.

# 5. Corporate Governance Statement (Continued)

## Authority for Share Buyback and Discount Management

The shareholders approved at the Company's AGM on 23 June 2023 a special resolution to undertake share buybacks up to a maximum amount equal to 14.99% of the issued share capital.

This special resolution was passed and shall expire on the earlier of 31 December 2024 and the conclusion of the Company's next annual general meeting.

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

A share buyback programme was carried out in 2023. The details of the share buyback programme in 2023 can be found on the London Stock Exchange website https://www.londonstockexchange.com/stock/VEIL/vietnam-enterprise-investments-limited/analysis .

In total 5,698,692 Shares were bought back during the year ended 31 December 2023, representing 2.58% of the issued share capital, for an aggregate consideration of US$ 40,272,632.

The Shares bought back are held in treasury. As at 31 December 2023, the Company held 19,893,760 Shares in treasury.

Following the above buybacks, the total number of Shares in issue was 201,026,986 (excluding Shares held in treasury) as at 31 December 2023.

On 3 April 2024, the Company cancelled from treasury 19,893,760 ordinary shares. Following the cancellation, the Company has 198,247,879 Ordinary Shares in issue (excluding treasury shares) and holds 2,779,107 Ordinary Shares in treasury as at 3 April 2024.

This number represents the total voting rights in the Company and may be used by shareholders as the denominator for the calculations by which they can determine if they are required to notify their interest in, or a change to their interest in the Company under the Disclosure Guidance and Transparency Rules ("DTR") of Financial Conduct Authority ("FCA").

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

Buybacks of Shares may be made only in accordance with Cayman law, the DTR and the authority granted by shareholders at the Company's AGM on 23 June 2023.

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

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

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

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

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

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

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

# 5. Corporate Governance Statement (Continued)

## Management Shares

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

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

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

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

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

## Substantial Shareholders

As at 31 December 2023, the following shareholders owned more than 10% of the Company's issued Ordinary Share capital:

Inter Fund Management S.A.

- Number of Ordinary Shares held: 27,423,467
- % of total Ordinary Shares in issue: 13.46%

Bill & Melinda Gates Foundation

- Number of Ordinary Shares held: 24,670,745
- % of total Ordinary Shares in issue: 12.28%

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

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

## The Modern Slavery Act 2015

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

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

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

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

# 5. Corporate Governance Statement (Continued)

## Relations with Stakeholders

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

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

### Liaison With Investors

Dragon Capital group has hosted a series of webinars and in coordination with the Board initiated face to face meetings to keep clients and prospective investors informed of developments in Vietnam.

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

### Environment and Community

The Dragon Capital group has engaged in the following activities during the year ended 31 December 2023:

- With the aim of becoming one of the leaders in promoting corporate sustainability and environmental responsibility in Vietnam, Dragon Capital group is conscious of its consumption of natural resources, and it is committed to proactively managing its environmental performance. As part of that, Dragon Capital group continuously assesses its carbon footprint and has been offsetting unavoidable operational emissions to maintain its carbon-neutral status since 2008;
- Implemented a 'Zero To Landfill' waste and recycling policy;
- Encouraged employees to take environmentally friendly actions in the workplace to protect the environment. These actions include initiatives such as using paper tubes, adopting waste sorting practices, and reducing the consumption of single-use plastic bottles for water;
- Procurement of all electricity usage in the Dragon Capital group's property portfolio from renewable sources;
- Facilitated employees taking advantage of 'Give As You Earn' for personal charitable donations;
- Held various employee events to raise money for designated charities;
- Empowered young people in difficult circumstances who show high learning potential, especially young women, by paying tuition fees throughout their studies. In addition to financial support, these scholarships also focus on developing the character, solidarity and mutual support mindset of the students to motivate them to contribute to the community after graduation;
- Actively participated in sponsorship of students of The Foreign Trade University, RMIT the next generation of financial market participants; and
- Under the motto of 'Giving The Best To The Children', the Dragon Capital group, in collaboration with charity organisations, awarded scholarships to disadvantaged students to fully access their education in the 2023 school year.

# 5. Corporate Governance Statement (Continued)

**Table 1: 17 Principles of the AIC Code in Practice During the Year Ended 31 December 2023**

| AIC Code Principle | VEIL's application |
|---|---|
| A. A successful company is led by an effective board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society (Incorporates relevant content from UK Code Principle A) | The Board meets at least quarterly to assess the Company's performance, viability, risk, and value over the short, medium and long term.<br><br>The effectiveness of the Board and the Chair of the Board is reviewed regularly as part of the internal control process led by the Nomination and Remuneration Committee. |
| B. The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture. (UK Code Principle B) | The Board holds quarterly strategy meeting during which it can discuss important issues faced by the Company and the industry, and exchange ideas about the future outlook of the business.<br><br>The Board agrees a strategy and monitors performance against this agreed strategy on an ongoing basis.<br><br>The Board hires an external third party to conduct a formal evaluation on its own performance every two or three years. The last Board evaluation report was done in May 2023 by Lintstock Limited, a global third party advisor to the boards of a variety of companies, including over 50 investment trusts, for two-year service contract. |
| C. The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed. (UK Code Principle C) | The Board considers that the Company is adequately resourced to meet its objectives and is satisfied that it is able to effectively measure its performance against them.<br><br>The Board has established a schedule of internal controls and key risks, which enable it to plan, measure and manage how it mitigates threats to its performance, and prioritises its resources in doing so.<br><br>These schedules are reviewed on a quarterly basis by the Risk Management Committee.<br><br>The Investment Manager also reports to the Board on the Company's performance when measured against its industry peers at each Board meeting, from which the Board is able to determine whether or not its performance is satisfactory, and what actions, if any, are needed to make improvement. |

# 5. Corporate Governance Statement (Continued)

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

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

# 5. Corporate Governance Statement (Continued)

| AIC Code Principle | VEIL's application |
|---|---|
| G. The board should consist of an appropriate combination of directors (and, in particular, independent non-executive directors) such that no one individual or small group of individuals dominates the board's decision making. (Incorporates relevant content from UK Code Principle G) | The Board has delegated responsibility to key Committees, as well as engaging the Investment Manager under a formal investment management and services agreement.<br><br>As at 31 December 2023, the Board comprised an Independent Non-Executive Chair and five Independent Non-Executive Directors, each of whom is independent of the Investment Manager, and one Non-Independent Non-Executive Director.<br><br>There is a clear division of responsibilities between the Board and the Investment Manager.<br><br>As such, the Board considers that its decision making is not dominated by an individual or small group of individuals. |
| H. Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold third party service providers to account. (Incorporates relevant content from UK Code Principle H) | The Directors consider they have sufficient time to meet their Board responsibilities.<br><br>The Board meet quarterly to discuss the Company's activities with the Investment Manager.<br><br>At such meetings, the Board has the opportunity to constructively challenge and provide strategic guidance in relation to both the Company's and its service providers' performance and methods through direct communication with the Investment Manager.<br><br>The Board carries out a formal review of its service providers' performance (including the Investment Manager) on an annual basis. |
| I. The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently. (UK Code Principle I) | Maples Secretaries (Cayman) Limited provides company secretarial services to the Company and, together with external specialist advisors, ensures that Board of Directors procedures and any applicable rules and regulations are observed.<br><br>Such services also include advice and support to the Board on all governance matters and on the discharge of their duties as Directors.<br><br>The Directors are able to take independent external professional advice to assist with the performance of their duties at the Company's expense. |
| J. Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. (Incorporates relevant content from UK Code Principle J) | The Nomination and Remuneration Committee is responsible for proposing candidates for appointment to the Board and for overseeing the recruitment process.<br><br>The Nomination and Remuneration Committee comprises of only Independent Directors.<br><br>The Nomination and Remuneration Committee applies principles of independence, transparency and objectivity in the recruitment of any new Director, and promotes diversity and balance in terms of gender, ethnicity, and professional backgrounds.<br><br>All appointments are based on merit, with a focus on identifying and seeking the required skills, expertise and experience that is needed to supplement the existing Board. |

# 5. Corporate Governance Statement (Continued)

| AIC Code Principle | VEIL's application |
|---|---|
| K. The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed. (UK Code Principle K) | The varying backgrounds and wide-ranging experience of the Directors, including in the investment and financial services sectors, commercial businesses and academia, ensures broad cognitive diversity, which is viewed as key in assisting effective challenge and discipline.<br><br>Biographies of the Board are set out on pages 55 to 57 and demonstrate the strength of experience in the areas required to provide effective strategic leadership and appropriate governance of the Company.<br><br>The Board seeks to ensure an appropriate balance between continuity and experience, and the positive benefits of refreshing membership and the development of a diverse Board.<br><br>During the year ended 31 December 2023, one new Independent Non-Executive Director was appointed. |
| L. Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively. (UK Code Principle L) | The Board conducts an annual review of its performance and that of its individual Director at its year-end Board meeting.<br><br>During this annual review, evaluation is made of, and consideration is given to, the effectiveness of the Board's current methods of working, both with itself, and with the Investment Manager.<br><br>Practical issues are highlighted and a collaborative approach is used with the Investment Manager to seek improvement in areas where it is deemed to be beneficial. |
| M. The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of external audit functions and satisfy itself on the integrity of financial and narrative statements. (Incorporates relevant content from UK Code Principle M) | The Board has delegated the assessment of the external audit function and the review of the integrity of the Annual Report and Interim Report to the Audit and Compliance Committee.<br><br>KPMG has been the Company's external auditor since 2008 and the Audit and Compliance Committee has undertaken an assessment of KPMG's performance in respect of the annual statutory audit of the Company for the year ended 31 December 2023, which concluded that KPMG had performed satisfactorily (see "External Auditor" in the Report of the Audit and Compliance Committee on pages 51 to 53).<br><br>The Audit and Compliance Committee also performed a detailed review of this 2023 Annual Report, as well as reviewing supporting papers from the Investment Manager and other service providers, in order to ensure the integrity of the statements. The activities of the Audit and Compliance Committee can be found in the Report of the Audit and Compliance Committee on pages 51 to 53. |
| N. The board should present a fair, balanced and understandable assessment of the company's position and prospects. (UK Code Principle N) | The Audit and Compliance Committee reviewed the financial and narrative statements in the 2023 Annual Report, as well as supporting papers and evidence from the Investment Manager in relation to this area.<br><br>The Audit and Compliance Committee concluded that the published reports were consistent with the 'fair, balanced and understandable' requirement and advised the Board accordingly.<br><br>The Board considered the Audit and Compliance Committee's advice and performed its own review before reaching the same conclusion. |

# 5. Corporate Governance Statement (Continued)

| AIC Code Principle | VEIL's application |
|---|---|
| O. The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives. (UK Code Principle O) | Day-to-day risk management is undertaken by the Investment Manager and overseen by the Risk Management Committee which receives detailed reports quarterly on the risk management and internal control functions.<br><br>The Dragon Capital group's systems of internal control are administered by the Investment Manager and designed to manage as far as possible the principal risks of the Company.<br><br>Further information can be found in the Principal Risks and Uncertainties and Viability Statement sections in this Corporate Governance Statement on pages 30 to 50. |
| P. Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. (Incorporates relevant content from UK Code Principle P) | The Directors' remuneration policy is in accordance with the provisions of the UK Code for Non-Executive Directors' remuneration.<br><br>The Directors receive fixed fees without any performance related elements.<br><br>The Nomination and Remuneration Committee also has oversight of the Company's remuneration policies and practices and seeks to ensure these are tied to the strategy and long-term sustainable success of the Company.<br><br>Further information can be found on the Directors' Remuneration Report on page 54. |
| Q A formal and transparent procedure for developing policy on remuneration should be established. No director should be involved in deciding their own remuneration outcome. (Incorporates relevant content from UK Code Principle Q) | As set out in the Directors' Remuneration Report on page 54, the Directors are paid on a fixed-fee basis, as recommended by the Nomination and Remuneration Committee, and approved by the Board.<br><br>Dominic Scriven O.B.E has permanently waived his rights to receive Directors' fees for his services as a Director. |
| R. Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances. (UK Code Principle R) | The Directors are remunerated on the basis of a flat standard fee supplemented by additional Committee membership and chairship fees.<br><br>There are no performance-related aspects to Directors' remuneration. |

# 5. Corporate Governance Statement (Continued)

**Table 2: Board Committee Composition**

**For the period from 1 January to 31 October 2023:**

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

**For the period from 1 November 2023 to 30 June 2024:**

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

**From 30 June 2024 onwards:**

| Committee | Chair | Member | Member |
|---|---|---|---|
| Risk Management | Entela Benz-Saliasi | Vi Peterson | Low Suk Ling |
| Management Engagement | Charles Cade | Entela Benz-Saliasi | Sarah Arkle |
| Nomination and Remuneration | Vi Peterson | Sarah Arkle | - |
| Audit and Compliance | Low Suk Ling | Charles Cade | Entela Benz-Saliasi |

# 5. Corporate Governance Statement (Continued)

### Table 3: Board Diversity Data Collection

**Gender identity or sex:**

| | Number of board members | Percentage of the board | Number of senior positions on the board (CEO, CFO, SID and Chair) | Number in executive management* | Percentage of executive management* |
|---|---|---|---|---|---|
| Men | 3 | 42.86% | 1 | N/A | N/A |
| Women | 4 | 57.14% | 1 | N/A | N/A |

**Ethnic background:**

| | Number of board members | Percentage of the board | Number of senior positions on the board (CEO, CFO, SID and Chair) | Number in executive management* | Percentage of executive management* |
|---|---|---|---|---|---|
| White British or other White (including minority-white groups) | 5 | 71.43% | 2 | N/A | N/A |
| Mixed/Multiple Ethnic Groups | - | - | - | - | - |
| Asian/Asian British | 2 | 28.57% | 0 | N/A | N/A |
| Black/African/ Caribbean/Black British | - | - | - | - | - |
| Other ethnic group, including Arab | - | - | - | - | - |
| Not specified/ prefer not to say | - | - | - | - | - |

* There are no executive positions within the Company.

### Table 4: Attendance of the Board and the Committees Meetings

| Director | Board meetings | Audit and Risk Committee** meetings | Management Engagement Committee meetings | Nomination and Remuneration Committee meetings |
|---|---|---|---|---|
| Gordon Lawson | 4/4 | - | 2/2 | - |
| Vi Peterson | 4/4 | - | 2/2 | 3/3 |
| Entela Benz-Saliasi | 4/4 | 2/2 | - | 3/3 |
| Low Suk Ling | 4/4 | 2/2 | - | 3/3 |
| Sarah Arkle | 4/4 | 2/2 | 2/2 | - |
| Charles Cade* | 1/4 | - | - | - |
| Dominic Scriven O.B.E | 4/4 | - | - | - |

* Charles Cade was appointed on 1 October 2023.

** Audit and Risk meetings were held twice before the separation on 1 November 2023.

# 6. Audit and Compliance Committee Report

## Overview

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

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

The Board of Directors of the Company (the "Board") has reviewed the Board Committees and their functions and on 1 November 2023, the Audit and Risk Committee was split into the Risk Management Committee and the Audit and Compliance Committee.

The Audit and Compliance Committee consists of three members, who were appointed by the Board on the recommendation of the Nomination and Remuneration Committee in consultation with the Chair of the Board.

All members of the Audit and Compliance Committee are to be Independent Non-Executive Directors and at least one member must have recent and relevant financial experience.

The Board appoints the Chair of the Audit and Compliance Committee, who has the responsibility of liaising with the Board.

Going forward from 2024, the Audit and Compliance Committee will meet at least thrice a year, held to coincide with key dates within the financial reporting and audit cycle of the Company.

## Composition

As at 31 December 2023, the Audit and Compliance Committee has been chaired by Low Suk Ling and its members include Sarah Arkle and Charles Cade, all of whom are Independent Non-Executive Directors and at least one of whom has recent and relevant financial experience. The Audit and Compliance Committee as a whole has competency relevant to the sector in which the Company operates in.

The Audit and Rick Committee met twice during the year ended 31 December 2023 (before the separation into the Audit and Compliance Committee and the Risk Management Committee). Table 4 at the end of the Corporate Governance Statement shows the attendees of the Audit and Risk Committee meetings. The Company's External Auditors and Investment Manager's representatives were invited to attend meetings as necessary.

In the opinion of the Board, the Audit and Compliance Committee of the Company complies with the recommendations and requirements of the AIC Code of Corporate Governance (the "AIC Code").

## Role and Responsibilities

The role and responsibilities of the Audit and Compliance Committee are set out in the formal Terms of Reference that will be regularly reviewed. During the year ended 31 December 2023, the main duties undertaken included but were not limited to:

### Financial Reporting

The Audit and Compliance Committee reviewed the actions and judgments of the Investment Manager in relation to the integrity of the financial statements of the Company, including its annual and interim reports and financial statements, interim management statements and any other formal announcements relating to its financial performance and reviews significant financial reporting issues and judgments which they contain.

The Board was made fully aware of any significant financial issue and judgments made in connection with the preparation of the financial statements including valuation of an unlisted investment as per Note 13(d)(iii) to Financial Statements on page 97.

Having verified the financial statements and the disclosure on the Notes to the financial statements are in accordance with relevant laws and reporting standards, the Audit and Compliance Committee approved the financial statements that were audited by the external auditor.

### Compliance & Internal Controls

The Audit and Compliance Committee oversees the process of identifying, assessing, and controlling the Company's compliance with regulatory and corporate compliance obligations, including but not limited to the Listing Rules of the Financial Conduct Authority (FCA), Disclosure Guidance and Transparency Rules (DTR), UK Market Abuse Regulations, AIC Code, and the Articles of Association of the Company. A compliance checklist has been developed that covers key compliance requirements of the Company, which is updated, reviewed and monitored regularly.

The Board was made fully aware of any significant compliance issue arising in connection with the Company and engaged on upcoming changes to corporate and regulatory compliance obligations.

# 6. Audit and Compliance Committee Report (Continued)

## External Auditor Appointment and Tenure

The Audit and Compliance Committee has primary responsibility for the reappointment or removal of the external auditor, which includes negotiating the fee and scope of the audit, initiating a tender process, influencing the appointment of an engagement partner.

The Audit and Compliance Committee annually assesses and reports to the Board, the qualification, expertise and resources and independence and objectivity of the external auditor and the effectiveness of the audit process, taking into consideration relevant UK and other relevant professional and regulatory requirements, including the AIC Code and the Financial Reporting Council ("FRC") Standard, in order to satisfy itself that there are no relationships between the external auditor and the Company and/or the Investment Manager (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity.

During the year ended 31 December 2023, the Chair of the Audit and Compliance Committee requested a review of the external auditor, KPMG. The Audit and Compliance Committee conducted a tender process in order to make recommendations to the Board regarding which external auditor should be appointed for the Company going forward. The Audit and Compliance Committee engaged with four audit firms as potential replacement, however, only one audit firm responded positively.

The Audit and Compliance Committee noted that the sole audit firm that responded positively did not have a Vietnam office approved by the FRC. As a result, their proposed audit process will involve at least two offices in different jurisdictions, for which their combined fee was approximately double the current audit fees that the Company is paying. The Audit and Compliance Committee proposed, and the Board concluded, that the selection of KPMG was the most appropriate external auditor for the Company.

For the year ended 31 December 2023, the re-appointment of KPMG was officially proposed during the AGM held on 23 June 2023 and the resolution was passed.

The Audit and Compliance Committee reviews the performance and qualification of KPMG every year as part of good corporate governance. The conclusion remains that there are limited choices for auditors in Vietnam with relevant experience and that KPMG is the only FRC qualified auditor in Vietnam.

KPMG Limited ("KPMG") was first appointed as the Company's external auditor in 2008 and during the audit tenure from 2008 to 2023, four audit partners have been rotated to perform the service. For the year ended 31 December 2023, it was the second financial year for the partner who was assigned to audit the Company's financial statements and processes. KPMG's rotation policies are consistent with the Code of Ethics of the International Ethics Standards Board for Accountants (the "IESBA"). which requires the firm to comply with any stricter applicable rotation requirement.

The Audit and Compliance Committee reviews the findings of the audit with the external auditor, including discussing the major issues that arise during the audit, the key accounting and audit judgements, the levels of errors identified during the audit and the effectiveness of the audit process.

The Audit and Compliance Committee meets with the auditors at least once a year to discuss any key issues arising from the audit and/or review.

The Audit and Compliance Committee is responsible for making recommendations on the level of remuneration of the external auditor, including fees for audit and non-audit services, to ensure that the level of fees is appropriate to enable an effective and high-quality audit to be conducted.

Fees paid to KPMG for audit, audit-related, and non-audit services (Tax advisory service for PFIC for US and equity quote for German investors) are set out in Note 10 to the financial statements and summarised below.

- 2023: US$ 80,000
- 2022: US$114,655 (including fees of FRC's inspection: US$32,400)

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

KPMG also has policies, which are consistent with the IESBA principles and applicable laws and regulations, which address the scope of services that can be provided to audit clients. KPMG's policies require the audit engagement partner to evaluate the threats arising from the provision of non-audit services and the safeguards available to address those threats. In order to further safeguard the auditor's independence and objectivity, the Company engaged a KPMG affiliate to perform non-audit services where such affiliate was clearly best suited to perform the service, and the provision of service did not pose any conflict of interest with the audit or audit-related work.

# 6. Audit and Compliance Committee Report (Continued)

## Effectiveness of Audit

The Audit and Compliance Committee reviewed the audit planning and the standing, skills and experience of KPMG and the audit team and considered the independence of KPMG and the objectivity of the audit process. KPMG has confirmed that it is independent of the Company and has complied with relevant auditing standards. No modifications were required to the external audit approach.

The Audit and Compliance Committee received a presentation of the audit plan from KPMG prior to the commencement of the latest audit and a presentation of the results of the audit with feedback from the KPMG Audit Manager regarding the effectiveness of the external audit process.

The Audit and Compliance Committee is satisfied that KPMG has provided effective independent challenge in carrying out its responsibilities. After due consideration, the Audit and Compliance Committee recommended the re-appointment of KPMG and their re-appointment will be put to the Company's shareholders at the 2024 AGM.

## Fair, Balanced and Understandable

As a result of the work performed, the Audit and Compliance Committee has concluded that the Annual Report for the year ended 30 June 2024, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy, and has reported on these findings to the Board.

Low Suk Ling
Chair of the Audit and Compliance Committee
Vietnam Enterprise Investments Limited
29 April 2024

# 7. Directors' Remuneration Report

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

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

## Remuneration Policy

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

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

Subject to the overall limit, the Remuneration Policy of the Board of Directors is that the remuneration of Non-Executive Directors should reflect the nature of their duties, responsibilities and the value of their time spent, and be fair and comparable to that of other investment trusts and companies that are similar in size, have a similar capital structure and have a similar investment objective.

No shareholder views were sought in setting the Remuneration Policy although any comments received from shareholders would be considered on an on-going basis.

## Directors' Fees

All of the Directors of the Company are non-executive, and their fees are set within the limits of the Company's Restated and Amended Memorandum and Articles of Association which limit the aggregate fees payable to the Board of Directors per annum to US$400,000.

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

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

- Member of Board only: US$45,000 per annum;
- Chair of the Board: +US$10,000 per annum;
- Chair of the Risk Management Committee: +US$5,000 per annum;
- Member of the Risk Management Committee: +US$2,500 per annum;
- Chair of the Management Engagement Committee: +US$5,000 per annum;
- Member of the Management Engagement Committee: +US$2,500 per annum;
- Chair of the Nomination and Remuneration Committee: +US$5,000 per annum;
- Member of the Nomination and Remuneration Committee: +US$2,500 per annum
- Chair of the Audit and Compliance Committee: +US$5,000 per annum; and
- Member of the Audit and Compliance Committee: +US$2,500 per annum.

Table below describes the Directors' fee paid to the Directors of the Company:

| Director | Chairship as of 31 December 2023 | 2023 US$ | 2022 US$ |
|---|---|---|---|
| Gordon Lawson | Chair of the Board of Directors | 57,917 | 55,000 |
| Vi Peterson | Chair of the Nomination and Remuneration Committee | 52,500 | 52,500 |
| Entela Benz-Saliasi | Chair of the Risk Management Committee | 52,500 | 52,500 |
| Low Suk Ling | Chair of Audit and Compliance Committee | 50,416 | 50,000 |
| Sarah Arkle | Chair of the Management Engagement Committee | 52,500 | 48,750 |
| Charles Cade* | N/A | 12,083 | - |
| Stanley Chou* | N/A | - | 28,750 |

* Charles Cade was appointed on 1 October 2023 and Stanley Chou resigned on 30 June 2022.

# 8. Board of Directors

**Chair & Independent Non-Executive Director**

**(Appointed July 2014 / Chair from July 2022)**

## Gordon Lawson

Gordon has many years of experience in the City, latterly as head of equity proprietary trading and EMEA equity, derivatives and convertible bond risk at Salomon/Citigroup and then as the founder of Pendragon Capital, a large event-driven hedge fund. Gordon is an adviser to several funds, sits on the Advisory Boards of several companies and funds, including Bridges Ventures and is Chair of Parkwalk Advisors.

**Senior Independent Non-Executive Director**

**Chair of the Nomination and Remuneration Committee**

**(Appointed April 2018 / Senior Independent Non-Executive Director and Nomination and Remuneration Committee Chair from November 2023)**

## Vi Peterson

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

# 8. Board of Directors (Continued)

**Independent Non-Executive Director**

**Chair of the Risk Management Committee**

**(Appointed May 2019 / Risk Management Committee Chair from November 2023)**

## Entela Benz-Saliasi

Entela holds a PhD in Financial Asset Management and Engineering from Swiss Finance and Banking Institute, a postgraduate degree from Linacre College, Oxford and MPhil from IUHEI, Geneva, Switzerland. She has served as Adjunct Associate Professor at Department of Finance, HKUST Business School in Hong Kong for more than 16 years. Alongside teaching, she has been acting as a consultant for Sustainable and Climate Investing since 2007. She has done extensive academic and industry work on the value of Climate Risk on company financial performance for leading financial institutions. She is also the founder and CEO of Intensel, a global-award winning (COP28) company on AI and Climate Solutions leveraging ML/ Deep Learning, geospatial and satellite data for mapping climate-related financial risk. She sits on various pro-bono boards in Hong Kong and the Philippines. As a financial professional she worked in the Investment bank and hedge fund industry before moving into an academic and entrepreneurship role. Given the wealth of expertise spanning across academia and industry, she has acquired a comprehensive experience in analyzing financial statements, accounting policies, practices, and governance. She is a frequent speaker in large conference from The Economist to CLSA Forum etc.

**Independent Non-Executive Director**

**Chair of the Audit and Compliance Committee**

**(Appointed July 2021 / Audit and Compliance Committee Chair from November 2023)**

## Low Suk Ling

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

**Independent Non-Executive Director**

**Chair of the Management Engagement Committee**

**(Appointed January 2022 / Management Engagement Committee Chair from November 2023)**

## Sarah Arkle

Sarah is an investment professional with over thirty years' experience. Originally working for Save and Prosper Group and WI Carr (Overseas) Ltd, she joined Threadneedle Asset Management (now Columbia Threadneedle) in 1983. She held various positions there, including ten years as Chief Investment Officer before retiring in 2011. She was a non-Exec Director of F&C Investment Trust and was Chair of JPMorgan Emerging Markets Investment Trust until 2022. Since 2011 Sarah has been a member of the Prince's Trust Women Supporting Women Group.

# 8. Board of Directors (Continued)

### Independent Non-Executive Director

### (Appointed October 2023)

## Charles Cade

Mr. Cade is an investment professional with over 25 years' experience in investment companies. He was among the leading analysts throughout his career at Numis Securities, Winterflood Securities, HSBC and Merrill Lynch. He joined the City following an MBA, having previously worked for a consultancy firm and as an economist in the UK government. He is currently a non-executive director of Temple Bar Investment Trust, a member of the investment committee of the Rank Foundation charity, and an independent consultant to interactive investor.

### Non-Executive Director

### (Appointed May 1995)

## Dominic Scriven O.B.E

Born in Britain, Dominic is a graduate in Law and Sociology from Exeter University. After spells in finance in London and Hong Kong, he has spent the past 30 years at the head of Dragon Capital, Vietnam's largest private asset manager. He was appointed OBE by the British Queen in 2006, and received a Labour medal from the Vietnamese President in 2014. In business, Dominic is an active promoter of financial market development, good governance and sustainability, with a particular focus on Natural Capital, that in 2019 led to the endowment of the Dragon Chair in Biodiversity Economics at Exeter University. Privately, his interests and passions range from Vietnamese art – to biodiversity and eliminating the illegal trade in wildlife.

# 9. Annual General Meeting

## Annual General Meeting Summary

The Board of Directors of the Company announced that at the Annual General Meeting of the Company held on 23 June 2023 (the "2023 AGM"), the resolutions numbered 1 to 9 in the notice of meeting for the 2023 AGM were passed by the required majority on a poll vote.

### Ordinary Resolutions

1) To receive and adopt the audited financial statements for the year ended 31 December 2022 together with the auditor's and Directors' reports thereon.
2) To re-appoint KPMG Limited of Vietnam as auditor of the Company and to authorise the Board to fix their remuneration.
3) To re-elect Gordon Lawson as a Director of the Company.
4) To re-elect Vi Peterson as a Director of the Company.
5) To re-elect Entela Benz-Saliasi as a Director of the Company.
6) To re-elect Low Suk Ling as a Director of the Company.
7) To re-elect Sarah Arkle as a Director of the Company.
8) To re-elect Dominic Scriven as a Director of the Company.

### Special Resolution

9) To authorise the Company generally and unconditionally to make market purchases of its Ordinary Shares of US$0.01 par value each provided that:
   i) the maximum aggregate number of Ordinary Shares that may be purchased is 14.99 per cent. of issued share capital (excluding shares held in treasury) as at 19 May 2023 (i.e. 30,798,803 shares);
   ii) the minimum price which may be paid for each Ordinary Share is US$0.01;
   iii) the maximum price (excluding expenses) which may be paid for each Ordinary Share is the higher of:
      a) 105 per cent. of the average market value of an Ordinary Share in the Company for the five business days prior to the day the purchase is made; and
      b) the higher of the price of the last independent trade and the highest current independent bid as stipulated by Technical Standards referred to in Article 5 (6) of the UK Market Abuse Regulation; and
   iv) the authority conferred by this resolution shall expire on 31 December 2024 or, if earlier, at the conclusion of the Company's next annual general meeting save that the Company may, before the expiry of the authority granted by this resolution, enter into a contract to purchase Ordinary Shares which will or may be executed wholly or partly after the expiry of such authority.

# 10. Report of the Board of Directors

The Directors of Vietnam Enterprise Investments Limited ("the Company") present their report and the audited financial statements of the Company for the year ended 31 December 2023

## Principal Activity

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

## Results and Dividends

The Company's profit for the year ended 31 December 2023 and its financial position at that date are set out in the attached financial statements. The Directors have taken the decision not to pay a dividend in respect of the year ended 31 December 2023 (2022: Nil).

## Share Capital

Details of movements in the Company's share capital during the year are presented in Note 8. As at 31 December 2023, the Company had 201,026,986 Ordinary Shares and 1,000 Management Shares outstanding (31 December 2022: 206,725,678 Ordinary Shares and 1,000 Management Shares).

According to the Resolution dated 22 March 2024, the Board of Directors resolved to cancel 19,893,760 treasury shares of the Company ("Share Cancellation"). The Share Cancellation was completed on 3 April 2024.

## Directors

The Directors of the Company during the year were:

Non-Executive Director:

- Dominic Scriven O.B.E

Independent Non-Executive Directors:

- Gordon Lawson – Chair
- Vi Peterson – Senior Independent Non-Executive Director (from 1 November 2023)
- Entela Benz–Saliasi – Senior Independent Non-Executive Director (until 31 October 2023)
- Low Suk Ling
- Sarah Arkle
- Charles Cade (from 1 October 2023)

In accordance with Article 91 of the Restated and Amended Memorandum and Articles of Association (the "Articles"), the Independent and Non-Independent Non-Executive Directors are required to submit themselves for re-election at the next occurring Annual General Meeting ("AGM").

All of the Independent Non-Executive Directors were duly re-appointed at the AGM held on 23 June 2023 following the expiry of their respective terms. Dominic Scriven O.B.E also submitted himself for re-election and was duly re-appointed.

## Directors' Rights to Acquire Shares or Debentures

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

## Directors' Interests in Shares

Dominic Scriven O.B.E, a Non-Executive Director of the Company, is a beneficial shareholder of the Company, holding 178,423 Ordinary Shares of the Company as at 31 December 2023 (31 December 2022: 86,423 Ordinary Shares).

Dominic Scriven O.B.E also has indirect interests in shares of the Company as he is a key shareholder of Dragon Capital Group Limited, the parent company of Dragon Capital Limited which holds the Management Shares of the Company. Dragon Capital Group Limited is also the ultimate parent company of Dragon Capital Management (HK) Limited, which is the Investment Manager of the Company and Dragon Capital Markets Limited. As at 31 December 2023, Dragon Capital Markets Limited beneficially held 1,685,359 Ordinary Shares of the Company for investment and proprietary trading purposes (31 December 2022: 1,685,359 Ordinary Shares).

Gordon Lawson, Chair of the Company, is a beneficial shareholder of the Company, holding 25,000 Ordinary Shares of the Company as at 31 December 2023 (31 December 2022: 25,000 Ordinary Shares).

Sarah Arkle, an Independent Non-Executive Director, is a beneficial shareholder of the Company, holding 9,696 Ordinary Shares of the Company as at 31 December 2023 (31 December 2022: 9,696 Ordinary Shares).

# 10. Report of the Board of Directors (Continued)

Charles Cade, an Independent Non-Executive Director, is a beneficial shareholder of the Company, holding 15,000 Ordinary Shares of the Company as at 31 December 2023 (31 December 2022: 7,000).

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

## Directors' Interests in Contracts

There were no contracts of significance in relation to the Company's business in which a Director of the Company had a material interest, whether directly or indirectly, at the end of the year or at any time during the year.

## Substantial Shareholders

As at 31 December 2023, the following shareholders owned more than 10 percent of the Company's issued Ordinary Share capital:

Inter Fund Management S.A.

- Number of Ordinary Shares held: 27,423,467
- % of total Ordinary Shares in issue: 13.64%

Bill & Melinda Gates Foundation

- Number of Ordinary Shares held: 24,670,745
- % of total Ordinary Shares in issue: 12.27%

## Subsequent Events

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

## Auditors

KPMG Limited, Vietnam

## Directors' Responsibility in Respect of the Financial Statements

The Board of Directors is responsible for ensuring that the financial statements of the Company are properly drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2023 and of its financial performance and its cash flows for the year then ended.

When preparing these financial statements, the Board of Directors is required to:

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

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

The important events that have occurred during the year ended 31 December 2023 are described in the Chair's Statement and the Corporate Governance Statement. A detailed description of the principal risks and uncertainties faced by the Company are set out in the Corporate Governance Statement.

# 10. Report of the Board of Directors (Continued)

The Directors confirm to the best of their knowledge that:

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

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

## Approval of the Financial Statements

The Board of Directors hereby approves the accompanying financial statements which give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

Signed on behalf of the Board by:

Gordon Lawson
Chair
29 April 2024

Vi Peterson
Senior Independent Non-Executive Director
29 April 2024

# 11. Independent Auditors' Report

KPMG Limited Branch
10th Floor, Sun Wah Tower
115 Nguyen Hue Street, Ben Nghe Ward
District 1, Ho Chi Minh City, Vietnam
+84 (28) 3821 9266 | kpmg.com.vn

## INDEPENDENT AUDITORS' REPORT

**To the Shareholders**
**Vietnam Enterprise Investments Limited**

### Opinion

We have audited the accompanying financial statements of Vietnam Enterprise Investments Limited ("the Company"), which comprise the statement of financial position as at 31 December 2023, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information, as set out on pages 66 to 99.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants ("IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

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

We do not identify any key audit matter in our audit of the financial statements for the year ended 31 December 2023.

KPMG Limited Branch, a branch of KPMG Limited, a Vietnamese one member limited liability company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

# 11. Independent Auditors' Report (Continued)

KPMG

## Other Information

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

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

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

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

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

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

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

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

## Auditors' Responsibility for the Audit of the Financial Statements

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

# 11. Independent Auditors' Report (Continued)

KPMG

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

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

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

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

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

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

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

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

# 11. Independent Auditors' Report (Continued)

KPMG

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

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

**On behalf of KPMG Limited's Branch in Ho Chi Minh City**
Vietnam
Audit Report No.: 23-01-00393-24-1

CHI NHÁNH CÔNG TY TNHH KPMG

Tran Thi Le Hang
*Deputy General Director*

29 April 2024

# 12. Statement of Financial Position
## As at 31 December 2023

| | Note | 31 December 2023 US$ | 31 December 2022 US$ | Change in % |
|---|---|---|---|---|
| **CURRENT ASSETS** | | | | |
| Financial assets at fair value through profit or loss | 5(a) | 1,740,006,742 | 1,618,524,206 | |
| Other receivables | | 815,918 | 666,012 | |
| Balances due from brokers | | 3,705,746 | 1,883,932 | |
| Cash and cash equivalents | 6 | 10,192,455 | 14,488,971 | |
| **TOTAL ASSETS** | | **1,754,720,861** | **1,635,563,121** | **7.29** |
| | | | | |
| **CURRENT LIABILITIES** | | | | |
| Balances due to brokers | | 8,597,381 | 10,230,853 | |
| Accounts payable and accruals | 7 | 2,865,772 | 2,750,517 | |
| **TOTAL LIABILITIES** | | **11,463,153** | **12,981,370** | **(11.70)** |
| | | | | |
| **EQUITY** | | | | |
| Issued share capital | 8 | 2,010,278 | 2,067,265 | |
| Share premium | 8 | 408,590,156 | 448,805,801 | |
| Retained earnings | | 1,332,657,274 | 1,171,708,685 | |
| **TOTAL EQUITY** | | **1,743,257,708** | **1,622,581,751** | **7.44** |
| | | | | |
| **TOTAL LIABILITIES AND EQUITY** | | **1,754,720,861** | **1,635,563,121** | **7.29** |
| | | | | |
| **NUMBER OF ORDINARY SHARES IN ISSUE** | **8** | **201,026,986** | **206,725,678** | |
| | | | | |
| **NET ASSET VALUE PER ORDINARY SHARE** | **9** | **8.67** | **7.85** | **10.45** |

Approved by the Board of Directors on 29 April 2024.

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

The accompanying notes are an integral part of these financial statements

# 13 Statement of Comprehensive Income
## For the year ended 31 December 2023

| | Note | 2023 US$ | 2022 US$ |
|---|---|---|---|
| **INCOME** | | | |
| Interest income | | 41,937 | 114,291 |
| Dividend income | | 11,456,082 | 9,663,187 |
| Net changes in fair value of financial assets at fair value through profit or loss | 5(b) | 180,399,537 | (891,697,124) |
| Gains on disposals of investments | | 7,942,565 | 4,865,100 |
| **TOTAL INCOME** | | **199,840,121** | **(877,054,546)** |
| | | | |
| **EXPENSES** | | | |
| Administration fees | 10 | (1,196,736) | (1,282,084) |
| Custody fees | 10 | (898,497) | (1,005,938) |
| Directors' fees | 10 | (277,916) | (287,500) |
| Management fees | 10 | (30,922,019) | (36,552,469) |
| Legal and professional fees | | (678,965) | (669,043) |
| Brokerage fees | | (100,000) | (100,000) |
| Finance costs | | (3,758,462) | (1,827,256) |
| Withholding taxes | | (5,382) | (5,119) |
| Other operating expenses | | (196,319) | (122,697) |
| **TOTAL EXPENSES** | | **(38,034,296)** | **(41,852,106)** |
| | | | |
| **NET PROFIT/(LOSS) BEFORE EXCHANGE LOSSES** | | **161,805,825** | **(918,906,652)** |
| | | | |
| **EXCHANGE LOSSES** | | | |
| Net foreign exchange losses | | (857,236) | (4,384,796) |
| | | | |
| **PROFIT/(LOSS) BEFORE TAX** | | **160,948,589** | **(923,291,448)** |
| Income tax | 11 | - | - |
| | | | |
| **NET PROFIT/(LOSS) AFTER TAX FOR THE YEAR** | | **160,948,589** | **(923,291,448)** |
| OTHER COMPREHENSIVE INCOME FOR THE YEAR | | - | - |
| | | | |
| **TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR** | | **160,948,589** | **(923,291,448)** |
| **TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO ORDINARY SHAREHOLDERS** | | **160,948,589** | **(923,291,448)** |
| | | | |
| **BASIC EARNINGS/(LOSSES) PER ORDINARY SHARE** | **12** | **0.79** | **(4.42)** |

The accompanying notes are an integral part of these financial statements

# 14. Statement of Changes in Equity
## For the year ended 31 December 2023

| | Issued Share Capital US$ | Share Premium US$ | Retained Earnings US$ | Total US$ |
|---|---|---|---|---|
| **Balance at 1 January 2022** | **2,135,347** | **509,842,442** | **2,095,000,133** | **2,606,977,922** |
| **Total comprehensive income for the year:** | | | | |
| Net loss for the year | - | - | (923,291,448) | (923,291,448) |
| **Transactions with shareholders, recognised directly in equity:** | | | | |
| Repurchase of Ordinary Shares | (68,082) | (61,036,641) | - | (61,104,723) |
| **Balance at 1 January 2023** | **2,067,265** | **448,805,801** | **1,171,708,685** | **1,622,581,751** |
| **Total comprehensive income for the year:** | | | | |
| Net profit for the year | - | - | 160,948,589 | 160,948,589 |
| **Transactions with shareholders, recognised directly in equity:** | | | | |
| Repurchase of Ordinary Shares | (56,987) | (40,215,645) | - | (40,272,632) |
| **Balance at 31 December 2023** | **2,010,278** | **408,590,156** | **1,332,657,274** | **1,743,257,708** |

The accompanying notes are an integral part of these financial statements

# 15 Statement of Cash Flows
## For the year ended 31 December 2023

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | US$ | US$ |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit/(loss) for the year | | 160,948,589 | (923,291,448) |
| Adjustments for: | | | |
| Interest income | | (41,937) | (114,291) |
| Interest expense | | 945,962 | 702,256 |
| Dividend income | | (11,456,082) | (9,663,187) |
| Net changes in fair value of financial assets at fair value through profit or loss | | (180,399,537) | 891,697,124 |
| Gains on disposals of investments | | (7,942,565) | (4,865,100) |
| | | **(37,945,570)** | **(45,534,646)** |
| | | | |
| Net cash flows from subsidiaries and joint ventures carried at fair value | | 107,033,597 | 46,610,750 |
| Changes in other receivables and balances due from brokers | | (1,821,814) | (651,840) |
| Changes in balances due to brokers and accounts payable and accruals | | (1,518,217) | 4,775,195 |
| | | **65,747,996** | **5,199,459** |
| | | | |
| Proceeds from disposals of investments | | 321,852,003 | 715,502,831 |
| Purchases of investments | | (362,026,034) | (665,057,633) |
| Interest received | | 41,937 | 114,291 |
| Interest paid | | (945,962) | (702,256) |
| Dividends received | | 11,306,176 | 10,683,870 |
| **Net cash generated from operating activities** | | **35,976,116** | **65,740,562** |
| | | | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from borrowings | | 50,000,000 | 160,000,000 |
| Repayments of borrowings | | (50,000,000) | (160,000,000) |
| Repurchase of Ordinary Shares | | (40,272,632) | (61,104,723) |
| **Net cash used in financing activities** | | **(40,272,632)** | **(61,104,723)** |
| | | | |
| **NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS** | | **(4,296,516)** | **4,635,839** |
| Cash and cash equivalents at the beginning of the year | | 14,488,971 | 9,853,132 |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR** | **6** | **10,192,455** | **14,488,971** |

The accompanying notes are an integral part of these financial statements

# 16 Notes to the Financial Statements
## For the year ended 31 December 2023

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

## 1. THE COMPANY

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

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

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

The Company had the following investments in subsidiaries and joint venture as at 31 December 2023 and 31 December 2022, for the purpose of investment holding:

| Subsidiaries | Country of incorporation | Principal activities | % ownership 31 December 2023 | % ownership 31 December 2022 |
|---|---|---|---|---|
| Grinling International Limited | British Virgin Islands | Investment holding | 100% | 100% |
| Wareham Group Limited | British Virgin Islands | Investment holding | 100% | 100% |
| Goldchurch Limited | British Virgin Islands | Investment holding | 100% | 100% |
| VEIL Holdings Limited | British Virgin Islands | Investment holding | 100% | 100% |
| Venner Group Limited | British Virgin Islands | Investment holding | 100% | 100% |
| Rickmansworth Limited | British Virgin Islands | Investment holding | 100% | 100% |
| VEIL Infrastructure Limited | British Virgin Islands | Investment holding | 100% | 100% |
| Amersham Industries Limited | British Virgin Islands | Investment holding | 100% | 100% |
| Balestrand Limited | British Virgin Islands | Investment holding | 100% | 100% |
| Dragon Financial Holdings Limited (*) | British Virgin Islands | Investment holding | 100% | N/A |

| Joint venture | Country of incorporation | Principal activities | % ownership 31 December 2023 | % ownership 31 December 2022 |
|---|---|---|---|---|
| Dragon Financial Holdings Limited (*) | British Virgin Islands | Investment holding | N/A | 90.16% |

(*) On 7 August 2023, Dragon Financial Holdings Limited repurchased all 34 of its shares held by a shareholder, Dragon Capital Group Limited. As a result of the repurchase transaction, the Company's equity interest in Dragon Financial Holdings Limited increased from 90.16% to 100% and Dragon Financial Holdings Limited became a wholly owned subsidiary of the Company.

As at 31 December 2023 and 31 December 2022, the Company had no employees.

## 2. BASIS OF PREPARATION

### a) Statement of compliance

The Company's financial statements for the year ended 31 December 2023 have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

# 16 Notes to the Financial Statements (Continued)
## For the year ended 31 December 2023

### b) Basis of measurement

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

### c) Functional and presentation currency

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

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

### d) Use of estimates and judgments

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

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

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

#### Assessment as investment entity

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

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

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

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

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

# 16 Notes to the Financial Statements (Continued)
## For the year ended 31 December 2023

**Fair value of financial instruments**

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

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

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

**Impairment of financial assets**

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

### e) Going concern

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

## 3. MATERIAL ACCOUNTING POLICIES

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

### a) Subsidiaries and joint ventures

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

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

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

### b) Foreign currency transactions

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

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

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

# 16 Notes to the Financial Statements (Continued)
## For the year ended 31 December 2023

### c) Financial assets and financial liabilities

#### (i) Recognition and initial measurement

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

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

#### (ii) Classification and subsequent measurement

**Classification of financial assets**

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

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

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

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

**Business model assessment**

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

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

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

The Company has determined that it has two business models:

- Held-to-collect business model: this includes cash and cash equivalents, balances due from brokers and other receivables. These financial assets are held to collect contractual cash flows.
- Other business model: this includes directly held investments and investments in subsidiaries and joint ventures. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

# 16 Notes to the Financial Statements (Continued)
## For the year ended 31 December 2023

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

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

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

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

**Reclassifications**

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

**Subsequent measurement of financial assets**

- Financial assets at FVTPL

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

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

- Financial assets at amortised cost

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

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

**Financial liabilities – Classification, subsequent measurement and gains and losses**

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

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

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

Financial liabilities measured at amortised cost include balances due to brokers and accounts payable and accruals.

# 16 Notes to the Financial Statements (Continued)
## For the year ended 31 December 2023

### (iii) Fair value measurement

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

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

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

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

### (iv) Amortised cost measurement

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

### (v) Impairment

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

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

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

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

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

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

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

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

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

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

# 16 Notes to the Financial Statements (Continued)
## For the year ended 31 December 2023

**Measurement of ECLs**

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

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

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

**Credit-impaired financial assets**

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

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

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

**Presentation of allowance for ECLs in the statement of financial position**

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

**Write-off**

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

### (vi) Derecognition

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

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

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

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

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

# 16 Notes to the Financial Statements (Continued)
## For the year ended 31 December 2023

### (vii) Offsetting

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

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

## d) Cash and cash equivalents

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

## e) Share capital

### Issuance of share capital

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

### Repurchase of Ordinary Shares

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

## f) Segment reporting

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

## g) Provisions

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

## h) Interest income

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

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

## i) Dividend income

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

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

# 16. Notes to the Financial Statements (Continued)
## For the year ended 31 December 2023

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

Net income from financial assets at fair value through profit or loss include all realised and unrealised fair value changes and foreign exchange differences, but excludes interest and dividend income.

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

### k) Expenses

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

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

The Company presents basic earnings per share ("EPS") for its Ordinary Shares. Basic EPS is calculated by dividing net profit or loss attributable to the Ordinary Shareholders by the weighted average number of Ordinary Shares outstanding during the year. The Company did not have potentially dilutive shares as of 31 December 2023 and 2022.

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

### m) Related parties

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

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

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

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

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

# 16 Notes to the Financial Statements (Continued)
## For the year ended 31 December 2023

### n) Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Company has not early adopted the new or amended standards that may be relevant in preparing these financial statements.

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

- Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants – Amendments to IAS 1;
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7;
- Lease liability in a Sale and Leaseback – Amendments to IFRS 16; and
- Lack of Exchangeability – Amendment to IAS 21.

## 4. TRANSACTIONS WITH RELATED PARTIES

Dominic Scriven O.B.E, Non-Executive Director, is a beneficial shareholder of the Company, holding 178,423 Ordinary Shares of the Company as at 31 December 2023 (31 December 2022: 86,423 Ordinary Shares). Dominic Scriven O.B.E also has indirect interests in the share capital of the Company as he is a key shareholder of Dragon Capital Group Limited, the parent company of Dragon Capital Limited which holds the Management Shares of the Company. Dragon Capital Group Limited is also the ultimate parent company of Dragon Capital Management (HK) Limited, which is the Investment Manager of the Company, and Dragon Capital Markets Limited. As at 31 December 2023, Dragon Capital Markets Limited beneficially held 1,685,359 Ordinary Shares of the Company for investment and proprietary trading purposes (31 December 2022: 1,685,359 Ordinary Shares).

Gordon Lawson, Chair of the Company, is a beneficial shareholder of the Company, holding 25,000 Ordinary Shares of the Company as at 31 December 2023 (31 December 2022: 25,000 Ordinary Shares).

Sarah Arkle, Independent Non-Executive Director, is a beneficial shareholder of the Company, holding 9,696 Ordinary Shares of the Company as at 31 December 2023 (31 December 2022: 9,696 Ordinary Shares).

Charles Cade, Independent Non-Executive Director, is a beneficial shareholder of the Company, holding 15,000 Ordinary Shares of the Company as at 31 December 2023 (31 December 2022: 7,000).

During the year, the Directors, with exception of Dominic Scriven O.B.E, earned US$ 277,916 (2022: US$287,500) for their participation in the Board of Directors of the Company.

During the year, total broker fees paid to Ho Chi Minh City Securities Corporation – an associate of Dragon Capital Group Limited and one of the securities brokers of the Company and its subsidiaries – amounted to US$ 763,037 (2022: US$964,829). As at 31 December 2023, the broker fee payable to this broker was US$ 5,290 (31 December 2022: US$11,765).

# 16 Notes to the Financial Statements (Continued)
## For the year ended 31 December 2023

## 5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

| | 31 December 2023<br>US$ | 31 December 2022<br>US$ |
|---|---|---|
| Directly held investments (i) | 785,307,882 | 691,582,819 |
| Investments in subsidiaries and joint ventures (ii) | 954,698,860 | 926,941,387 |
| | **1,740,006,742** | **1,618,524,206** |

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

| | 31 December 2023<br>US$ | 31 December 2022<br>US$ |
|---|---|---|
| **Listed equity investments:** | | |
| At cost | 658,214,122 | 609,474,199 |
| Unrealised gains | 86,648,144 | 33,328,132 |
| At carrying value | 744,862,266 | 642,802,331 |
| **Unlisted investments:** | | |
| At cost | 48,962,737 | 49,586,064 |
| Unrealised losses | (8,517,121) | (805,576) |
| At carrying value (*) | 40,445,616 | 48,780,488 |
| | **785,307,882** | **691,582,819** |

(*) See Note 13(A)(iii) for further disclosure on significant unobservable inputs used in measuring fair value of the directly held unlisted equity investments.

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

| | 31 December 2023<br>US$ | 31 December 2022<br>US$ |
|---|---|---|
| Opening balance | 691,582,819 | 1,137,326,975 |
| Purchases | 362,026,034 | 665,057,633 |
| Sales | (313,909,438) | (710,637,731) |
| Unrealised gains/(losses) | 45,608,467 | (400,164,058) |
| **Closing balance** | **785,307,882** | **691,582,819** |

# 16 Notes to the Financial Statements (Continued)
## For the year ended 31 December 2023

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

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

| | 31 December 2023<br>US$ | 31 December 2022<br>US$ |
|---|---|---|
| Financial assets at fair value through profit or loss (iii) | 951,196,512 | 920,080,847 |
| Other receivables | 872,305 | 1,190,577 |
| Balances due from brokers | 2,474,172 | 4,637,370 |
| Cash and cash equivalents | 11,532,338 | 8,419,685 |
| **Total assets** | **966,075,327** | **934,328,479** |
| Balances due to brokers | 11,376,467 | 7,387,092 |
| **Total liabilities** | **11,376,467** | **7,387,092** |
| **Net assets** | **954,698,860** | **926,941,387** |

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

| | 31 December 2023<br>US$ | 31 December 2022<br>US$ |
|---|---|---|
| Opening balance | 926,941,387 | 1,465,085,203 |
| Net cash flows from subsidiaries and joint ventures | (107,033,597) | (46,610,750) |
| Fair value movements in investments in subsidiaries and joint ventures | 134,791,070 | (491,533,066) |
| **Closing balance** | **954,698,860** | **926,941,387** |

# 16 Notes to the Financial Statements (Continued)
## For the year ended 31 December 2023

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

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| | US$ | US$ |
| **Listed equity investments** | | |
| At cost | 719,623,518 | 701,740,542 |
| Unrealised gains | 231,572,994 | 218,340,305 |
| **At carrying value** | **951,196,512** | **920,080,847** |

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

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| | US$ | US$ |
| Opening balance | 920,080,847 | 1,455,238,030 |
| Purchases | 408,674,727 | 645,324,861 |
| Sales | (390,791,751) | (677,281,563) |
| Unrealised gains/(losses) | 13,232,689 | (503,200,481) |
| **Closing balance** | **951,196,512** | **920,080,847** |

Investment portfolio by sector was as follows:

| | 31 December 2023 | | 31 December 2022 | |
|---|---|---|---|---|
| | US$ | % | US$ | % |
| Banking | 619,433,668 | 36 | 627,916,500 | 39 |
| Real Estate & Construction | 348,482,988 | 20 | 360,597,434 | 22 |
| Material & Resources | 282,758,865 | 16 | 139,133,224 | 9 |
| Diversified Financials | 125,473,152 | 7 | 97,330,605 | 6 |
| Software & Services | 106,704,113 | 6 | 76,411,937 | 5 |
| Retail | 83,431,718 | 5 | 129,465,431 | 8 |
| Energy | 61,546,161 | 3 | 72,156,059 | 4 |
| Food & Beverages | 51,613,773 | 3 | 29,002,780 | 2 |
| Consumer Durables | 44,382,423 | 3 | 57,515,042 | 4 |
| Transportation | 12,677,533 | 1 | 22,134,654 | 1 |
| Net monetary assets kept by subsidiaries and joint ventures | 3,502,348 | - | 6,860,540 | - |
| | **1,740,006,742** | **100** | **1,618,524,206** | **100** |

# 16 Notes to the Financial Statements (Continued)
## For the year ended 31 December 2023

### (iv) Restrictions

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

### (v) Support

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

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

| | 2023<br>US$ | 2022<br>US$ |
|---|---|---|
| Unrealised gains/(losses) of investments directly held by the Company | 45,608,467 | (400,164,058) |
| Fair value movements in investments in subsidiaries and joint ventures | 134,791,070 | (491,533,066) |
| | **180,399,537** | **(891,697,124)** |

## 6. CASH AND CASH EQUIVALENTS

| | 31 December 2023<br>US$ | 31 December 2022<br>US$ |
|---|---|---|
| Cash in banks | 10,192,455 | 14,488,971 |

## 7. ACCOUNTS PAYABLE AND ACCRUALS

| | 31 December 2023<br>US$ | 31 December 2022<br>US$ |
|---|---|---|
| Management fees | 2,584,711 | 2,514,533 |
| Administration fees | 219,061 | 173,984 |
| Other payables | 62,000 | 62,000 |
| | **2,865,772** | **2,750,517** |

# 16 Notes to the Financial Statements (Continued)
## For the year ended 31 December 2023

## 8. ISSUED SHARE CAPITAL AND SHARE PREMIUM

| | 31 December 2023<br>US$ | 31 December 2022<br>US$ |
|---|---|---|
| **Authorised:** | | |
| 500,000,000 Ordinary Shares at par value of US$0.01 each | 5,000,000 | 5,000,000 |
| 300,000,000 Conversion Shares at par value of US$0.01 each | 3,000,000 | 3,000,000 |
| 1,000 Management Shares at par value of US$0.01 each | 10 | 10 |
| | **8,000,010** | **8,000,010** |
| **Issued and fully paid:** | | |
| 220,920,746 Ordinary Shares at par value of US$0.01 each (31 December 2022: 220,920,746 Ordinary Shares at par value of US$0.01 each) | 2,209,207 | 2,209,207 |
| 1,000 Management Shares at par value of US$0.01 each | 10 | 10 |
| | **2,209,217** | **2,209,217** |
| **Treasury Shares:** | | |
| Ordinary Shares | (198,939) | (141,952) |
| **Shares in circulation:** | | |
| Ordinary Shares | 2,010,268 | 2,067,255 |
| Management Shares | 10 | 10 |
| **Outstanding issued share capital in circulation** | **2,010,278** | **2,067,265** |

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

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

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

# 16 Notes to the Financial Statements (Continued)
## For the year ended 31 December 2023

During the year, no Conversion Shares were in issue, and no Conversion Shares were in issue as at 31 December 2023 and 2022.

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

As at 31 December 2023 and 2022, the following shareholder owned more than 10% of the Company's issued Ordinary Share capital:

| | 31 December 2023 | | 31 December 2022 | |
|---|---|---|---|---|
| | Number of Ordinary Shares held | % of total Ordinary Shares in issue | Number of Ordinary Shares held | % of total Ordinary Shares in issue |
| Inter Fund Management S.A. | 27,423,467 | 13.64 | 27,423,467 | 13.27 |
| Bill & Melinda Gates Foundation | 24,670,745 | 12.27 | 24,670,745 | 11.93 |

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

| | Year ended 31 December 2023 | | Year ended 31 December 2022 | |
|---|---|---|---|---|
| | Shares | US$ | Shares | US$ |
| Balance at the beginning of the year | 206,725,678 | 2,067,255 | 213,533,847 | 2,135,337 |
| Repurchase of Ordinary Shares during the year | (5,698,692) | (56,987) | (6,808,169) | (68,082) |
| **Balance at the end of the year** | **201,026,986** | **2,010,268** | **206,725,678** | **2,067,255** |

Movements in share premium during the year were as follows:

| | Year ended 31 December 2023 | Year ended 31 December 2022 |
|---|---|---|
| | US$ | US$ |
| Balance at the beginning of the year | 448,805,801 | 509,842,442 |
| Repurchase of Ordinary Shares during the year | (40,215,645) | (61,036,641) |
| **Balance at the end of the year** | **408,590,156** | **448,805,801** |

## 9. NET ASSET VALUE PER ORDINARY SHARE

The calculation of the NAV per Ordinary Share was based on the equity of the Company as at 31 December 2023 of US$1,743,257,708 (31 December 2022: US$1,622,581,751) and the number of outstanding Ordinary Shares in issue as at that date of 201,026,986 shares (31 December 2022: 206,725,678 shares).

## 10. FEES

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

### Administration fees

Standard Chartered Bank (the "Administrator") is entitled to receive a fee of 0.048% (2022: 0.048%) of the gross assets per annum, payable monthly in arrears and subject to a minimum monthly fee of US$4,000 per fund. During the year, total administration fees amounted to US$1,196,736 (2022: US$1,282,084). As at 31 December 2023, an administration fee of US$219,061 (31 December 2022: US$173,984) was payable to the Administrator.

# 16 Notes to the Financial Statements (Continued)
## For the year ended 31 December 2023

### Custody fees

Standard Chartered Bank (the "Custodian") is entitled to receive a fee of 0.04% (2022: 0.04%) of the assets under custody per annum, payable monthly in arrears and subject to a minimum monthly fee of US$500 per custody account. In addition, the Custodian is entitled to US$20 per listed transaction. During the year, total custody fees amounted to US$898,497 (2022: US$1,005,938). There were no custody fees payable as at 31 December 2023 and 2022.

### Directors' fees

During the year, total directors' fees amounted to US$277,916 (2022: US$287,500). There were no directors' fees payable as at 31 December 2023 and 2022. Dominic Scriven O.B.E has permanently waived his rights to receive directors' fees for his services as Director of the Company.

### Management fees

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

- 1.85% per annum on the first US$1.25 billion of the NAV;
- 1.65% per annum on the portion of the NAV in excess of US$1.25 billion and less than or equal to US$1.5 billion; and
- 1.50% per annum on the portion of the NAV above US$1.5 billion.

From 1 July 2024, the management fee shall be calculated and accrued daily at a flat rate of 1.5% per annum of the Company's NAV.

During the year, total management fees amounted to US$30,922,019 (2022: US$36,552,469). As at 31 December 2023, a management fee of US$2,584,711 (31 December 2022: US$2,514,533) remained payable to the Investment Manager.

### Audit and non-audit fees

During the year, included in the legal and professional fees of the Company were audit and related fees amounting to US$80,000 (2022: US$114,655) paid to the auditor, KPMG Limited. In addition, the total non-audit fees paid to the network firms of KPMG Limited, were US$28,128 in 2023 (2022: US$39,453).

## 11. INCOME TAX

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

### Vietnam tax

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

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

See Note 13(B) for further details.

# 16 Notes to the Financial Statements (Continued)
## For the year ended 31 December 2023

### Hong Kong tax

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

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

Under such circumstances, HKPT will be charged at a rate of 16.5% (2022: 16.5%) in respect of any profits which arise in or are derived from Hong Kong and which are not capital profits or exempt profits.

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

## 12. BASIC EARNINGS/(LOSSES) PER ORDINARY SHARE

The calculation of basic earnings per Ordinary Share for the year was based on the net profit for the year attributable to the Ordinary Shareholders of US$160,948,589 (2022: net loss of US$923,291,448) and the weighted average number of Ordinary Shares outstanding of 204,532,686 shares (2022: 209,066,958 shares) in issue during the year.

### a) Net profit/(loss) attributable to the Ordinary Shareholders

| | Year ended 31 December 2023 | Year ended 31 December 2022 |
|---|---|---|
| | US$ | US$ |
| Net profit/(loss) attributable to the Ordinary Shareholders | 160,948,589 | (923,291,448) |

### b) Weighted average number of Ordinary Shares

| | Year ended 31 December 2023 | Year ended 31 December 2022 |
|---|---|---|
| Issued Ordinary Shares at the beginning of the year | 206,725,678 | 213,533,847 |
| Effect of Ordinary Shares repurchased during the year | (2,192,992) | (4,466,889) |
| Weighted average number of Ordinary Shares | 204,532,686 | 209,066,958 |

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

| | Year ended 31 December 2023 | Year ended 31 December 2022 |
|---|---|---|
| | US$ | US$ |
| Basic earnings/(losses) per Ordinary Share | 0.79 | (4.42) |

## 13. FINANCIAL RISK MANAGEMENT AND UNCERTAINTY

### A. Financial risk management

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

# 16 Notes to the Financial Statements (Continued)
## For the year ended 31 December 2023

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

### a) Credit risk

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

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

As at 31 December 2023 and 2022, the Company's credit risk arose principally from other receivables, balances due from brokers and cash and cash equivalents.

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

| | 31 December 2023<br>US$ | 31 December 2022<br>US$ |
|---|---|---|
| Other receivables (i) | 815,918 | 666,012 |
| Balances due from brokers (i) | 3,705,746 | 1,883,932 |
| Cash and cash equivalents (ii) | 10,192,455 | 14,488,971 |
| | **14,714,119** | **17,038,915** |

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

As at 31 December 2023 and 2022, the subsidiaries' credit risk arose principally from the subsidiaries' other receivables, balances due from brokers and cash and cash equivalents.

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

| | 31 December 2023<br>US$ | 31 December 2022<br>US$ |
|---|---|---|
| Other receivables (i) | 872,305 | 1,190,577 |
| Balances due from brokers (i) | 2,474,172 | 4,637,370 |
| Cash and cash equivalents (ii) | 11,532,338 | 8,419,685 |
| | **14,878,815** | **14,247,632** |

# 16 Notes to the Financial Statements (Continued)
## For the year ended 31 December 2023

**(i) Other receivables and balances due from brokers**

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

No receivables as at 31 December 2023 and 2022 were past due.

**(ii) Cash and cash equivalents**

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

### b) Liquidity risk

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

As at 31 December 2023 and 2022, all the contractual maturities of non-derivative financial liabilities of the Company and its subsidiaries were payable within a year.

### c) Market risk

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

**Equity price risk**

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

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

| | Change in index level | Effects on net assets | Change in index level | Effects on net assets |
|---|---|---|---|---|
| | 2023 | 2023 | 2022 | 2022 |
| | % | US$m | % | US$m |
| **Market Indices** | | | | |
| VN Index | 25 | 466 | 68 | 1,082 |
| VN Index | (25) | (466) | (68) | (1,082) |

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

# 16 Notes to the Financial Statements (Continued)
## For the year ended 31 December 2023

**Interest rate risk**

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

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

| 31 December 2023 | Up to 1 year US$ | 1 – 5 years US$ | Non-interest bearing US$ | Total US$ |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Other receivables | - | - | 815,918 | 815,918 |
| Balances due from brokers | - | - | 3,705,746 | 3,705,746 |
| Cash and cash equivalents | 10,192,455 | - | - | 10,192,455 |
| **TOTAL ASSETS** | **10,192,455** | **-** | **4,521,664** | **14,714,119** |
| **LIABILITIES** | | | | |
| Balances due to brokers | - | - | (8,597,381) | (8,597,381) |
| Accounts payable and accruals | - | - | (2,865,772) | (2,865,772) |
| **TOTAL LIABILITIES** | **-** | **-** | **(11,463,153)** | **(11,463,153)** |
| **NET INTEREST SENSITIVITY GAP** | **10,192,455** | **-** | **N/A** | **10,192,455** |

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

# 16 Notes to the Financial Statements (Continued)
## For the year ended 31 December 2023

A change of 100 basis points in interest rates would have increased or decreased the net assets attributable to the Ordinary Shareholders by US$101,925 (31 December 2022: US$144,890). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

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

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

| 31 December 2023 | Up to 1 year US$ | 1 – 5 years US$ | Non-interest bearing US$ | Total US$ |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Other receivables | - | - | 872,305 | 872,305 |
| Balances due from brokers | - | - | 2,474,172 | 2,474,172 |
| Cash and cash equivalents | 11,532,338 | - | - | 11,532,338 |
| **TOTAL ASSETS** | **11,532,338** | **-** | **3,346,477** | **14,878,815** |
| **LIABILITIES** | | | | |
| Balances due to brokers | - | - | (11,376,467) | (11,376,467) |
| **TOTAL LIABILITIES** | - | - | **(11,376,467)** | **(11,376,467)** |
| **NET INTEREST SENSITIVITY GAP** | **11,532,338** | **-** | **N/A** | **11,532,338** |

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

A change of 100 basis points in interest rates would have increased or decreased the net assets attributable to the Company by US$115,323 (31 December 2022: US$84,197). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

# 16 Notes to the Financial Statements (Continued)
## For the year ended 31 December 2023

**Foreign currency risk**

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

The table below summarises the exposure of the Company to currency risks as at 31 December 2023 and 2022. Included in the table are the assets and liabilities categorised by their base currency.

| 31 December 2023 (Denominated in VND) | US$ |
|---|---|
| **ASSETS** | |
| Financial assets at fair value through profit or loss | 785,307,882 |
| Other receivables | 815,918 |
| Balances due from brokers | 3,705,746 |
| Cash and cash equivalents | 8,575,087 |
| **TOTAL ASSETS** | **798,404,633** |
| **LIABILITIES** | |
| Balances due to brokers | 8,597,381 |
| **NET CURRENCY POSITION** | **789,807,252** |

| 31 December 2022 (Denominated in VND) | US$ |
|---|---|
| **ASSETS** | |
| Financial assets at fair value through profit or loss | 691,582,819 |
| Other receivables | 666,012 |
| Balances due from brokers | 1,883,932 |
| Cash and cash equivalents | 12,081,117 |
| **TOTAL ASSETS** | **706,213,880** |
| **LIABILITIES** | |
| Balances due to brokers | 10,230,853 |
| **NET CURRENCY POSITION** | **695,983,027** |

As at 31 December 2023, had the US$ strengthened or weakened by 3% (31 December 2022: 3%) against the VND with all other variables held constant, the net assets attributable to the Ordinary Shareholders would have been decreased or increased by the amounts shown below. This analysis was performed on the same basis as in 2022.

| | Denominated in VND<br>US$ |
|---|---|
| 2023 | 23,004,095 |
| 2022 | 20,271,350 |

# 16 Notes to the Financial Statements (Continued)
## For the year ended 31 December 2023

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

The table below summarises the exposure of the subsidiaries to currency risks as at 31 December 2023 and 2022. Included in the table are the assets and liabilities categorised by their base currency.

| 31 December 2023 (Denominated in VND) | US$ |
|---|---|
| **ASSETS** | |
| Financial assets at fair value through profit or loss | 951,196,512 |
| Other receivables | 872,305 |
| Balances due from brokers | 2,474,172 |
| Cash and cash equivalents | 11,532,155 |
| **TOTAL ASSETS** | **966,075,144** |
| **LIABILITIES** | |
| Balances due to brokers | 11,376,467 |
| **NET CURRENCY POSITION** | **954,698,677** |

| 31 December 2022 (Denominated in VND) | US$ |
|---|---|
| **ASSETS** | |
| Financial assets at fair value through profit or loss | 920,080,847 |
| Other receivables | 1,190,577 |
| Balances due from brokers | 4,637,370 |
| Cash and cash equivalents | 8,419,502 |
| **TOTAL ASSETS** | **934,328,296** |
| **LIABILITIES** | |
| Balances due to brokers | 7,387,092 |
| **NET CURRENCY POSITION** | **926,941,204** |

As at 31 December 2023, had the US$ strengthened or weakened by 3% (31 December 2022: 3%) against VND with all other variables held constant, the net assets attributable to the Company would have been decreased or increased by the amounts shown below. This analysis was performed on the same basis as in 2022.

| | Denominated in VND<br>US$ |
|---|---|
| 2023 | 27,806,758 |
| 2022 | 26,998,287 |

# 16 Notes to the Financial Statements (Continued)
## For the year ended 31 December 2023

### d) Fair values of financial assets and liabilities

#### (i) Valuation model

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

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

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

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

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

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

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

| As at 31 December 2023 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | US$ | US$ | US$ | US$ |
| **Financial assets at fair value through profit or loss** | | | | |
| • Listed equity investments | 744,862,266 | - | - | 744,862,266 |
| • Unlisted investments | - | - | 40,445,616 | 40,445,616 |
| • Investments in subsidiaries and joint ventures | - | 954,698,860 | - | 954,698,860 |
| | **744,862,266** | **954,698,860** | **40,445,616** | **1,740,006,742** |

# 16 Notes to the Financial Statements (Continued)
## For the year ended 31 December 2023

| As at 31 December 2022 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | US$ | US$ | US$ | US$ |
| **Financial assets at fair value through profit or loss** | | | | |
| • Listed equity investments | 642,802,331 | - | - | 642,802,331 |
| • Unlisted investments | - | - | 48,780,488 | 48,780,488 |
| • Investments in subsidiaries and joint ventures | - | 926,941,387 | - | 926,941,387 |
| | **642,802,331** | **926,941,387** | **48,780,488** | **1,618,524,206** |

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

| | Level 1 | | Level 2 | | Level 3 | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | US$ | US$ | US$ | US$ | US$ | US$ |
| Opening balance | 642,802,331 | 1,137,326,975 | 926,941,387 | - | 48,780,488 | 1,465,085,203 |
| Purchases | 362,026,034 | 615,471,569 | - | - | - | 49,586,064 |
| Sales | (313,286,111) | (710,637,731) | - | - | (623,327) | - |
| Transfers | - | - | - | 1,465,085,203 | - | (1,465,085,203) |
| Net cash flows from subsidiaries and joint ventures | - | - | (107,033,597) | (46,610,750) | - | - |
| Unrealised gains/(losses) recognised in profit or loss | 53,320,012 | (399,358,482) | 134,791,070 | (491,533,066) | (7,711,545) | (805,576) |
| Closing balance | 744,862,266 | 642,802,331 | 954,698,860 | 926,941,387 | 40,445,616 | 48,780,488 |
| Total unrealised (losses)/gains for the year included in net changes in fair value of financial assets at fair value through profit or loss | 53,320,012 | (399,358,482) | 134,791,070 | (491,533,066) | (7,711,545) | (805,576) |

# 16 Notes to the Financial Statements (Continued)
## For the year ended 31 December 2023

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

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

| As at 31 December 2023 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | US$ | US$ | US$ | US$ |
| **Financial assets at fair value through profit or loss** | | | | |
| • Listed equity investments | 951,196,512 | - | - | 951,196,512 |

| As at 31 December 2022 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | US$ | US$ | US$ | US$ |
| **Financial assets at fair value through profit or loss** | | | | |
| • Listed equity investments | 920,080,847 | - | - | 920,080,847 |

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

| | Level 1 | | Level 2 | | Level 3 | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | US$ | US$ | US$ | US$ | US$ | US$ |
| Opening balance | 920,080,847 | 1,455,238,030 | - | - | - | - |
| Purchases | 408,674,727 | 645,324,861 | - | - | - | - |
| Sales | (390,791,751) | (677,281,563) | - | - | - | - |
| Unrealised gains/ (losses) | 13,232,689 | (503,200,481) | - | - | - | - |
| Closing balance | 951,196,512 | 920,080,847 | - | - | - | - |
| Total unrealised gains/(losses) included in net changes in fair value of financial assets at fair value through profit or loss | 13,232,689 | (503,200,481) | - | - | - | - |

# 16 Notes to the Financial Statements (Continued)
## For the year ended 31 December 2023

**(iii) Significant unobservable inputs used in measuring fair value**

The table below sets out information about significant unobservable inputs used at 31 December 2023 and 31 December 2022 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

| Description | Fair value 31 December 2023<br>US$ | Fair value 31 December 2022<br>US$ | Valuation technique | Significant unobservable inputs | Sensitivity to changes in significant unobservable inputs |
|---|---|---|---|---|---|
| Unlisted equity investments | 40,445,616 | 48,780,488 | Discounted cash flow: The valuation model considers the present value of the expected future net cash flows derived from put option using a number of possible outcomes of the negotiations and attributing probabilities to each. The expected net cash flows are discounted using the cost of debt. | • Expected future net cash flows derived from put option using a number of possible outcomes of the negotiations and attributing probabilities to each.<br>• Cost of debt ("the discount rate"). | The estimated fair value would increase (decrease) if:<br>• the expected cash flows were higher (lower);<br>• the cost of debt was lower (higher). |

### e) Classification of financial assets and financial liabilities

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

| As at 31 December 2023 | Designated at fair value<br>US$ | Amortised cost<br>US$ | Total carrying amount<br>US$ |
|---|---|---|---|
| **ASSETS** | | | |
| Financial assets at fair value through profit or loss | 1,740,006,742 | - | 1,740,006,742 |
| Other receivables | - | 815,917 | 815,917 |
| Balances due from brokers | - | 3,705,746 | 3,705,746 |
| Cash and cash equivalents | - | 10,192,455 | 10,192,455 |
| | **1,740,006,742** | **14,714,118** | **1,754,720,861** |
| **LIABILITIES** | | | |
| Balances due to brokers | - | 8,597,381 | 8,597,381 |
| Accounts payable and accruals | - | 2,865,772 | 2,865,772 |
| | **-** | **11,463,153** | **11,463,153** |

# 16 Notes to the Financial Statements (Continued)
## For the year ended 31 December 2023

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

### f) Capital management

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

## B. Uncertainty

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

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

The implementation and enforcement of tax regulations in Vietnam can vary depending on numerous factors, including the identity of the tax authority involved. The administration of laws and regulations by government agencies may be subject to considerable discretion, and in many areas, the legal framework is vague, contradictory and subject to different and inconsistent interpretation. The Directors believe that it is unlikely that the Company and its subsidiaries and joint ventures will be exposed to tax liabilities in Vietnam, and as a result, provision for tax liabilities have not been made in the financial statements.

The Offshore Persons Exemption is provided under Section 20AC of the Inland Revenue Ordinance ("IRO") and applies to exempt non-fund and non-resident persons from Hong Kong Profits Tax ("HKPT") subject to satisfying certain conditions. Effective from 1 April 2019, the New Funds Exemption under Section 20AN of the IRO provides that funds within the meaning of Section 20AM, resident and non-resident, will be exempt from HKPT subject to certain conditions. The Directors believe that they have implemented steps to enable the Company to satisfy all the conditions to be exempted from HKPT for the year ended 31 December 2023.

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

# 16 Notes to the Financial Statements (Continued)
## For the year ended 31 December 2023

### 14. SUBSEQUENT EVENTS

From 1 January to 29 April 2024, the Company repurchased 3,127,493 Ordinary Shares for a total consideration of US$23,007,659.

According to the Resolution dated 22 March 2024, the Board of Directors resolved to cancel 19,893,760 treasury shares of the Company ("Share Cancellation"). The Share Cancellation was completed on 3 April 2024.

### 15. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 29 April 2024.

# 17. Corporate Information

### Registered Office

**Vietnam Enterprise Investments Limited**

c/o Maples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

### Investment Manager

**Dragon Capital Management (HK) Limited**

Unit 2406, 24/F
9 Queen's Road
Central
Hong Kong

### Corporate Broker

**Jefferies International Limited**

100 Bishopsgate
London EC2N 4JL
United Kingdom

### Company Secretary

**Maples Secretaries (Cayman) Limited**

PO Box 309
Ugland House
Grand Cayman KY1-1102
Cayman Islands

### Administrator and Offshore Custodian

**Standard Chartered Bank**

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

### Vietnam Custodian

**Standard Chartered Bank (Vietnam) Ltd.**

7th Floor Vinaconex Tower
34 Lang Ha
Dong Da
Hanoi
Vietnam

### Legal Adviser to the Company

**Stephenson Harwood LLP**

1 Finsbury Circus
London EC2M 7SH
United Kingdom

### Depositary

**Computershare Investor Services PLC**

The Pavilions
Bridgwater Road
Bristol BS13 8AE
United Kingdom

### Auditors

**KPMG Limited**

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

### Registrar

**Computershare Investor Services (Cayman) Limited**

Windward 1
Regatta Office Park
West Bay Road
Grand Cayman KY1-1103
Cayman Islands

# 18. Investor Information

## Enquiries

For institutional investors based in Europe: dcme@dragoncapital.com
Other enquiries globally: veil@dragoncapital.com / info@dragoncapital.com

### Dragon Capital Management (HK) Limited

Unit 2406, 24/F
9 Queen's Road
Central
Hong Kong
Tel: +852 3979 8100
Fax: +852 3979 8199

### Dragon Capital Vietfund Management Joint Stock Company

1501 Me Linh Point
2 Ngo Duc Ke
District 1, Ho Chi Minh City
Vietnam
Tel: +84 28 3823 9355
Fax: +84 28 3823 9366

### Dragon Capital Markets (Europe) Limited

Cambridge House
Henry Street
Bath BA1 1BT
United Kingdom
Tel: +44 1225 618 150
Fax: +44 1225 618 151

# 19. Glossary

| Term | Definition |
|---|---|
| ACB | Asia Commercial Bank |
| AGM | Annual General Meeting |
| AIC | Association of Investment Companies |
| AIT | Asian Institute of Technology |
| BAU | Business-as-usual |
| BHX | Bach Hoa Xanh |
| CBAM | Carbon Border Adjustment Mechanism |
| CVaR | Climate Value-at-Risk |
| Dragon Capital | Dragon Capital group |
| DTR | Disclosure Guidance and Transparency Rule |
| DXG | Dat Xanh Group |
| E&S | environmental and social |
| ECLs | expected credit losses |
| EPS | earnings per share |
| ESG | environmental, social and governance |
| ESMS | ESG management system |
| ESOP | employee stock ownership plan |
| FCA | Financial Conduct Authority |
| FDI | Foreign Direct Investment |
| FPT | FPT Corporation |
| FRC | Financial Reporting Council |
| FTSE | Financial Times Stock Exchange |
| FVTPL | fair value through profit or loss |
| GAS | PVGas |
| GDP | Gross Domestic Product |
| GEX | Gelex Corp. |
| GHG | Greenhouse Gas |
| HKPT | Hong Kong Profits Tax |
| HNX | Hanoi Stock Exchange |
| HOSE | Ho Chi Minh City Stock Exchange |
| HPG | Hoa Phat Group |
| HSG | Hoa Sen Group |
| IESBA | International Ethics Standards Board for Accountants |
| IFC | International Finance Corporation |
| IFRS | International Financial Reporting Standards |
| IFRS Accounting Standards | IFRS Accounting Standards as issued by the International Accounting Standards Board |

# 19. Glossary (Continued)

| Term | Definition |
|---|---|
| Intensel | Intensel Limited |
| IRO | Inland Revenue Ordinance |
| KDH | Khang Dien House |
| KPI | key performance indicators |
| KPMG | KPMG Limited |
| MBB | MB Bank |
| MoNRE | the Ministry of Natural Resources and Environment |
| MSCI | Morgan Stanley Capital International |
| MWG | Mobile World Group |
| NAV | Net Asset Value |
| NDC | Nationally Determined Contribution |
| NIM | net interest margin |
| NPAT-MI | net profit after minority interest |
| NPL | non-performing loans |
| PCOMP | Philippines Stock Exchange PSEi Index |
| PNJ | Phu Nhuan Jewelry |
| QoQ | quarter-on-quarter |
| RCP | Representative Concentration Pathways |
| SaaS | Intensel's Software-as-a-Service |
| SBV | State Bank of Vietnam |
| SET | The Stock Exchange of Thailand |
| SHCOMP | Shanghai Stock Exchange Composite Index |
| SSP | Shared Socioeconomic Pathways |
| TCFD | Task Force on Climate-Related Financial Disclosure |
| The 2023 AGM | Annual General Meeting of the Company held on 23 June 2023 |
| The Act | The Modern Slavery Act 2015 |
| The Administrator | Standard Chartered Bank |
| The AIC Code | AIC Code of Corporate Governance |
| The Articles | Restated and Amended Memorandum and Articles of Association |
| The Board | The Board of Directors of the Company |
| The Custodian | Standard Chartered Bank |
| The Government | Vietnamese Government |
| The Shares | Ordinary Shares of the Company |
| The UK Code | UK Corporate Governance Code |
| Top-80 | Dragon Capital's Top-80 is the 80 biggest companies by market capitalisation listed across three exchanges, adjusted by free float and screened by liquidity and ESG critierias. |

# 19. Glossary (Continued)

| Term | Definition |
|---|---|
| TR$ | total return in USD terms |
| UPCoM | Unlisted Public Company Market |
| US$ | United States Dollar |
| VCB | Vietcombank |
| VEIL or the Company | Vietnam Enterprise Investments Limited |
| VHM | Vinhomes |
| VN Index | Vietnam Index |
| VPB | Vietnam Prosperity Bank |
| WACI | weighted average carbon intensity |
| YoY | year-on-year |