

**VMEP**  
Vietnam

**Vietnam Manufacturing and Export Processing (Holdings) Limited**

越南製造加工出口(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 422)



INTERIM REPORT **2022**



# CONTENTS

Corporate Information	2
Management Discussion and Analysis	3
Other Information	10
Independent Auditors' Review Report	14
Consolidated Statement of Profit or Loss and Other Comprehensive Income	15
Consolidated Statement of Financial Position	17
Consolidated Statement of Changes in Equity	19
Condensed Consolidated Cash Flow Statement	20
Notes to the Unaudited Interim Financial Report	21



## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

#### **Executive Directors**

Mr. Liu Wu Hsiung (Chairman of the Board)

Mr. Huang Tsung Yeh (Chief Executive Officer)  
(appointed on 28 March 2022)

Mr. Lin Chun Yu

Mr. Cheng Hsu Chi (resigned on 24 March 2022)

#### **Non-executive Directors**

Mr. Chiang Chin Yung

Mr. Chen Hsu Pin

Ms. Wu Li Chu

#### **Independent Non-executive Directors**

Ms. Lin Ching Ching

Ms. Wu Kwei Mei

Mr. Cheung On Kit Andrew

#### **AUDIT COMMITTEE**

Ms. Lin Ching Ching (Chairman)

Ms. Wu Kwei Mei

Mr. Cheung On Kit Andrew

#### **REMUNERATION COMMITTEE**

Ms. Lin Ching Ching (Chairman)

Ms. Wu Kwei Mei

Mr. Liu Wu Hsiung

#### **NOMINATION COMMITTEE**

Mr. Liu Wu Hsiung (Chairman)

Ms. Lin Ching Ching

Mr. Cheung On Kit Andrew

#### **AUTHORISED REPRESENTATIVES**

Mr. Liu Wu Hsiung

Ms. Lee Angel Pui Shan

(appointed on 4 March 2022)

Ms. Ng Wing Shan (resigned on 4 March 2022)

#### **COMPANY SECRETARY**

Ms. Lee Angel Pui Shan

(appointed on 4 March 2022)

Ms. Ng Wing Shan (resigned on 4 March 2022)

#### **AUDITORS**

KPMG

Certified Public Accountants

Public Interest Entity Auditor registered

in accordance with the Financial Reporting  
Council Ordinance

#### **LEGAL ADVISERS**

Norton Rose Fulbright Hong Kong

#### **REGISTERED OFFICE**

Cricket Square, Hutchins Drive

P.O. Box 2681, Grand Cayman KY1-1111  
Cayman Islands

#### **HEAD OFFICE**

Section 5, Tam Hiep Ward, Bien Hoa City  
Dong Nai, Vietnam

#### **PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

40th Floor, Dah Sing Financial Centre

No. 248 Queen's Road East

Wanchai, Hong Kong

#### **CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

Suntera (Cayman) Limited

Suite 3204, Unit 2A, Block 3

Building D, P.O. Box 1586, Gardenia Court

Camana Bay, Grand Cayman, KY1-1100

Cayman Islands

#### **HONG KONG BRANCH SHARE REGISTRAR**

Computershare Hong Kong

Investor Services Limited

Shops 1712-16, 17th Floor

Hopewell Centre

183 Queen's Road East

Wanchai, Hong Kong

#### **PRINCIPAL BANKERS**

Asia Commercial Bank

Jointstock commercial Bank for Foreign

Trade of Vietnam

#### **STOCK CODE**

422

#### **COMPANY'S WEBSITE AND CONTACT**

[www.vmeph.com](http://www.vmeph.com)

Tel: (886) 3597 2788

Fax: (886) 3597 1883



## **MANAGEMENT DISCUSSION AND ANALYSIS**

Vietnam Manufacturing and Export Processing (Holdings) Limited (the “Company”) and its subsidiaries (the “Group”) is one of the leading manufacturers of scooters and cub motorbikes in Vietnam. The Group’s manufacturing and assembly operations are located in Dong Nai Province (near Ho Chi Minh City) and Hanoi of Vietnam with an annual production capacity of 200,000 motorbikes. The Group’s motorbikes are sold under the SYM brand name and offering a wide range of models. It also produces motorbike engines and parts for internal use and export as well as selling and providing services associated with moulds to make die-cast and forged metal parts.

### **OPERATION ENVIRONMENT**

In the first half of 2022, economic activities gradually recovered as Vietnam and ASEAN countries adapted to the impacts of the coronavirus pandemic (the “Pandemic”) and began to live in a “new normal”. However, many economies faced rising inflationary pressure and freight logistics shortages which led to a surge in costs, adding extra risks to the economic recovery.

According to the statistics from the Vietnam Association of Motorcycle Manufacturers, the total sales volume of the top five foreign direct investment manufacturers in Vietnam in the first half of 2022 was 1,409,004 motorbikes, representing an increase of 2.94% compared to the corresponding period of 2021. There has been still keen competition in the overall business environment. Facing such operating pressure, the management of the Group will continue to devote its best efforts to proactively identify potential business opportunities and pursue sustainable development in order to ensure stability in production and keep its operation in order with a view to mitigate the adverse impacts.



## **BUSINESS REVIEW**

For the six months ended 30 June 2022, the Group sold about 18,600 units of motorbikes (including about 2,700 units of scooters and 15,900 units of cubs) in Vietnam, representing a decrease of 6% as compared with the same period last year. The Group sold an aggregate of approximately 31,300 units of scooters and cubs by exporting to ASEAN countries, representing an increase of 5% from the same period last year. Under the policy of coexistence with the Pandemic generally adopted by Vietnam and ASEAN countries, Vietnam and major overseas markets and demand have gradually recovered. However, since the end of March 2022, production of some suppliers in China have been shut down due to the impact of the rebound of the Pandemic, and therefore not able to supply and deliver of their products to the Group completely, resulting in delayed product delivery for some customers. Since May 2022, the Group has been working with some supply chain companies to restore production capacity and shorten the waiting period for domestic and foreign pre-ordered customers, but this has still had an impact on sales in the first half of 2022.

In the first half of 2022, in the post-Pandemic era, the Group is committed to quickly coordinating with various suppliers and flexibly deploying production orders to effectively cope with the challenges of unstable supply chains, demonstrating the Group's excellent leadership in coping with challenges and striving for steady operations.

## **FINANCIAL REVIEW**

The Group's revenue increased by 3.7% from US\$60.0 million for the six months ended 30 June 2021 to US\$62.2 million for the six months ended 30 June 2022. The Group recorded a net profit of US\$0.3 million for the six months ended 30 June 2022, which was an improvement by US\$1.5 million, as compared to the net loss of US\$1.2 million for the six months ended 30 June 2021. Further analysis on the operating results of the Group is set out below.

## **REVENUE**

The Group's revenue for the six months ended 30 June 2022 was US\$62.2 million, representing an increase of US\$2.2 million or 3.7% as compared with US\$60.0 million for the six months ended 30 June 2021. Due to the instability of the supply chain across the industry, the production schedule was severely disrupted, resulting in delays in the delivery of customer orders, slowing down sales activities and affecting some revenue growth. In the first half of 2022, considering the sharp rise in raw material prices and production costs, the Group took the initiative to increase the prices of export products. However, the Group was still trying to handle the orders before the price adjustment, and effect of these upward adjustments has not yet been fully reflected in revenue for the first half of 2022. For domestic sales, price adjustment strategies were not implemented in response to competition from the industry and the slow acceptance of price adjustments in the Vietnamese market, which in turn affected further revenue growth.



The principal scooter models include ATTILA-V, ELIZABETH, ELITE and SHARK, and cub models of ELEGANT, GALAXY, START X, AMIGO and ANGELA.

### **COST OF SALES**

The Group's cost of sales increased by 3.7%, from US\$54.5 million for the six months ended 30 June 2021 to US\$56.5 million for the six months ended 30 June 2022. The majority of the Group's cost of sales comprised of raw material cost and direct labour costs. Cost of sales increased as a result of higher raw material costs and direct labour costs. The Group has taken various measures to improve production efficiency and reduce a wide range of costs in order to alleviate these cost pressures.

As a percentage of total revenue, the Group's cost of sales decreased from 91.0% for the six months ended 30 June 2021 to 90.9% for the six months ended 30 June 2022. The Group will continue to strive to reduce the production cost per unit and stabilise production costs by developing new sourcing channels and re-selecting suppliers.

### **GROSS PROFIT AND GROSS PROFIT MARGIN**

During the six months ended 30 June 2022, the Group recorded a gross profit and gross profit margin of approximately US\$5.7 million and 9.1% respectively (six months ended 30 June 2021: gross profit and gross profit margin of approximately US\$5.4 million and 9.0% respectively). In the domestic market, the Group's main strategy was to consolidate its existing market share, while in the export market, it gradually implemented price adjustment strategies to optimise its product sales structure, resulting in improved profitability. However, the increase in the selling prices of some products could not fully reflect the increase in costs.

### **DISTRIBUTION EXPENSES**

The Group's distribution expenses decreased by 9.1%, from US\$3.3 million for the six months ended 30 June 2021 to US\$3.0 million for the six months ended 30 June 2022. The decrease was mainly contributed to the Group's efforts in reducing packaging costs, including the optimization of product packaging solutions for exported products and the switching from third-party packaging service provider to hiring own employees to perform the packaging work to save costs. However, the decrease in distribution expenses was partially offset by an increase in logistics related expenses in the first half of 2022.

### **ADMINISTRATIVE AND OTHER OPERATING EXPENSES**

The Group's administrative and other operating expenses decreased by 8.6%, from US\$3.5 million for the six months ended 30 June 2021 to US\$3.2 million for the six months ended 30 June 2022. The administrative and other operating expenses accounted for 5.2% of the Group's total revenue for the six months ended 30 June 2022. The Group has adopted a stringent budgetary control system while administrative and other operating expenses have stabilised, the rates of such expenses have declined steadily due to the revenue growth.



## **RESULTS FROM OPERATION**

As a result of the factors discussed above, the Group's results from operation improved by US\$1.6 million, from a loss of US\$1.7 million for the six months ended 30 June 2021 to a loss of US\$0.1 million for the six months ended 30 June 2022.

## **NET FINANCE INCOME**

The Group's net finance income decreased by 37.5%, from US\$0.8 million for the six months ended 30 June 2021 to US\$0.5 million for the six months ended 30 June 2022. Such decrease was mainly attributable to (1) an increase in bank interest income by US\$0.06 million, (2) an increase in foreign exchange incomes of US\$0.1 million arising from fluctuation of the Vietnamese Dong against the US dollar, (3) an increase in bank interest expense by US\$0.06 million and (4) an increase in interest on lease liabilities by US\$0.4 million.

## **IMPAIRMENT LOSS ON OTHER PROPERTY, PLANT AND EQUIPMENT AND PREPAYMENTS FOR OTHER PROPERTY, PLANT AND EQUIPMENT**

Due to the poor results of the Group's manufacturing and sales of motorbikes segment, manufacturing and sales of spare parts and engines segment and moulds and services segment in the prior years, the Group considered it was an indication that the other property, plant and equipment for the manufacturing and sales of motorbikes segment, manufacturing and sales of spare parts and engines segment and moulds and services segment (the "Relevant PPE") and prepayments for other property, plant and equipment may be impaired. Accordingly, the Group carry out an impairment testing on the Relevant PPE and prepayments for other property, plant and equipment and noted an impairment loss of approximately US\$0.1 million on the other property, plant and equipment and prepayments for other property, plant and equipment were required as at the six months ended 30 June 2022.

## **PROFIT/LOSS FOR THE PERIOD AND MARGIN**

As a result of the factors discussed above, the Group recorded a net profit of US\$0.3 million for the six months ended 30 June 2022, which was an improvement by US\$1.5 million, as compared to the net loss of US\$1.2 million for the six months ended 30 June 2021. The Group's net profit margin improved from a negative 2.0% for the six months ended 30 June 2021 to a positive 0.6% for the six months ended 30 June 2022.



## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2022, the Group's net current assets amounted to US\$45.4 million (31 December 2021: US\$45.5 million) which consisted of current assets amounting to US\$114.4 million (31 December 2021: US\$105.9 million) and current liabilities amounting to US\$69.0 million (31 December 2021: US\$60.4 million).

As at 30 June 2022, the Group had bank loans repayable within one year of US\$41.2 million (31 December 2021: US\$36.1 million). As at 30 June 2022, the Group had no interest-bearing bank loans repayable beyond one year (31 December 2021: Nil). As at 30 June 2022, the gearing ratio was 79.1% (31 December 2021: 68.6%) calculated as the ratio of total bank loans over total equity.

As at 30 June 2022, the cash and bank balances (including bank deposits) amounted to US\$58.1 million, including US\$51.3 million denominated in Vietnamese Dong, US\$3.4 million denominated in US dollar and US\$3.4 million denominated in New Taiwan dollar (31 December 2021: US\$50.6 million, which included US\$44.0 million denominated in Vietnamese Dong, US\$6.3 million denominated in US dollar and US\$0.3 million denominated in New Taiwan dollar).

The Group actively and regularly reviews and manages its capital structure to enhance its financial strength for the Group's long-term development. There was no change in the Group's approach to capital management during the six months ended 30 June 2022.

## CHARGE ON ASSETS

As at 30 June 2022, the Group pledged its bank time deposits of US\$23,088,736 as securities for banking facilities granted to the Group.

## EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

There have been no significant changes in the Group's policy in terms of exchange rate exposure. Transactions of the Group are mainly denominated in Vietnamese Dong and US dollar. The Group was not exposed to material exchange rate risk and had not employed any financial instruments for hedging purposes. The Group adopts conservative treasury policies in cash and financial management, with its cash generally placed in short-term deposits mostly denominated in Vietnamese Dong and US dollar.

## HUMAN RESOURCES AND REMUNERATION POLICIES

The Group offers competitive remuneration packages to its staff in Vietnam and Taiwan, and regularly reviews its remuneration packages in light of the overall development of the Group. The Group's remuneration packages include basic salaries, bonuses, staff quarters, training and development opportunities, medical benefits, insurance plan and retirement benefits. As at 30 June 2022, the Group had 1,127 employees (30 June 2021: 1,188). The total amount of salaries and related costs for the employees for the six months ended 30 June 2022 amounted to approximately US\$5.2 million (six months ended 30 June 2021: approximately US\$5.9 million).





## **CONTINGENT LIABILITIES**

As at 30 June 2022, the Group did not have any contingent liabilities.

## **MATERIAL ACQUISITIONS OR DISPOSALS**

During the six months ended 30 June 2022, the Group had no material acquisition or disposal of subsidiaries and associated companies.

## **CHANGES SINCE 31 DECEMBER 2021**

Save as disclosed in this report, since 31 December 2021, there were no other significant changes in the Group's financial position and there were no other significant changes in relation to the information disclosed under the section headed "Management Discussion and Analysis" in the annual report of the Company for the year ended 31 December 2021.

## **PROSPECTS**

Looking forward, the Group expects the momentum of growth will continue throughout the second half of 2022 based on the Group's sales order status of mass production projects. However, fluctuating raw material prices, rising logistics costs and instability in the supply chain will create a series of uncertainties for the Group's manufacturing and sales operations. The Group's production and supply chain teams will continue to closely monitor the conditions that may affect delivery, providing strategic control and visibility for the Group to address dynamic situations.

Amid the tough business environment, the Group will adhere to its operating approach of focusing on its primary business, product quality and customers' satisfaction. The Group will adopt product innovation as its key strategy to further strengthen its capabilities in product design and core technology development. In the second half of 2022, for domestic sales, the Group will continue to focus on the Vietnamese student market and capitalise on the peak season with our major product, cub motorbikes. For export sales, the Group has accelerated the upgrading of the engine power of our hot-selling DRONE and LAMBRETTA models and further refined the appearance and colour combinations of our products, so as to achieve further sales success in the Thai market. The Group will also continue extend the geographical coverage of its sales and services centres in order to provide its customers with better product repair and maintenance services. In ASEAN countries, the Group will step up further to engage in marketing and promotional activities, and to provide better after-sales services overseas.

In addition, the Group will seize all available development opportunities to enhance its long-term profitability and maximise returns to the shareholders of the Company.



## APPLICATION OF INITIAL PUBLIC OFFERING PROCEEDS

The proceeds from the initial public offering of the Company in December 2007, net of related listing expenses, amounted to approximately US\$76.7 million, which will be used in accordance with the manners stated in the prospectus of the Company (the “Prospectus”) and the announcement headed “change in use of proceeds” of the Company dated 10 May 2019 (the “Announcement”).

The table below sets out the detailed items of the use of proceeds from the initial public offering as at 30 June 2022:

	<b>Net proceeds from the initial public offering as stated in the Prospectus and the Announcement</b>	<b>Amounts utilised as at 30 June 2022</b>	<b>Balance unutilised as at 30 June 2022</b>
	<i>Approximately in US\$' million</i>	<i>Approximately in US\$' million</i>	<i>Approximately in US\$' million</i>
Construction of research and development centre in Vietnam	11.7	11.7	–
Expanding distribution channels in Vietnam			
– Upgrading of existing facilities	4.0	4.0	–
– Establishing of new facilities	15.0	15.0	–
Mergers and acquisitions	9.0	9.0	–
General working capital	2.7	2.7	–
Development of production sites as well as the relocation of existing production facilities	15.0	11.4	3.6
Land development	19.3	4.2	15.1
<b>Total</b>	<b>76.7</b>	<b>58.0</b>	<b>18.7</b>

The unutilised balance was placed with several reputable financial institutions as deposits. For further details, please see the paragraph headed “Liquidity and Financial Resources” above.

The unutilised amount of net proceeds is expected to be fully utilized by 2027.



## OTHER INFORMATION CHANGES OF DIRECTORS' AND CHIEF EXECUTIVE'S INFORMATION

Mr. Huang Tsung Yeh has been appointed as an executive director of the Company with effect from 28 March 2022.

Mr. Huang Tsung Yeh acted as the chief executive officer of the Company and the general manager of the Company's subsidiaries, Vietnam Manufacturing and Export Processing Company Limited and Chin Zong Trading Company Limited with effect from 28 March 2022.

Mr. Cheng Hsu Chi resigned as an executive director and the chief executive officer of the Company with effect from 24 March 2022.

Save as disclosed above, up to the date of this report, no information relating to the directors or chief executive of the Company is required to be disclosed in accordance with Rules 13.51(2) and 13.51(B)(1) of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since the publication of the Company's 2021 annual report.

## INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATION

As at 30 June 2022, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those taken or deemed as their interests and short position in accordance with such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register kept by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

### Interests and short positions in the shares of an associated corporation, Sanyang Motor Company Limited

Name of directors	Types of shares	Capacity	Number of shares held (shares)	Approximate percentage of total share capital (%) <sup>1</sup>
Mr. Liu Wu Hsiung	Ordinary shares	Beneficial owner	111,380 (L)	0.014%
Mr. Chiang Chin Yung	Ordinary shares	Beneficial owner	64,480 (L)	0.008%
Ms. Wu Li Chu	Ordinary shares	Beneficial owner	17,046,560 (L)	2.137%

(L) – Long position

Note:

- The calculation is based on the total number of 797,639,604 shares of Sanyang Motor Company Limited in issue as at 30 June 2022.



Save as disclosed above, as at 30 June 2022, so far as is known to the directors of the Company, none of the directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those taken or deemed as their interest and short position in accordance with such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register kept by the Company referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

### **SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY**

As at 30 June 2022, so far as known to the directors of the Company after reasonable enquiry, the following persons (other than the directors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and has been entered in the register kept by the Company according to Section 336 of the SFO:

<b>Name of shareholders</b>	<b>Types of shares</b>	<b>Capacity</b>	<b>Number of shares/ underlying shares held (shares)</b>	<b>Approximate percentage of total share capital (%)</b>
Sanyang Motor Company Limited <sup>1</sup>	Ordinary shares	Interest in controlled corporation	608,818,000 (L)	67.07%
SY International Ltd.	Ordinary shares	Beneficial owner	608,818,000 (L)	67.07%

(L) – Long position

Note:

1. SY International Ltd. is a direct wholly-owned subsidiary of Sanyang Motor Company Limited and therefore Sanyang Motor Company Limited is deemed to be interested in the shares of the Company held by SY International Ltd. under Part XV of the SFO.

Save as disclosed above, as at 30 June 2022, the directors of the Company are not aware of any other person (other than directors or chief executive of the Company) have an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Division 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company under section 336 of the SFO.



## **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

At no time during the six months ended 30 June 2022 were rights to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, granted to any directors of the Company or their respective spouses or children under age of 18, or were such rights exercised by them, or was the Company, or any of the subsidiaries of the Company, or any of the Company's holding companies, or any of the subsidiaries of such holding companies a party to any arrangement to enable the directors of the Company to acquire such benefits through such means.

## **CORPORATE GOVERNANCE PRACTICES**

During the six months ended 30 June 2022, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Listing Rules, except for the following deviation:

Pursuant to Rule 3.27A of the Listing Rules (previously paragraph A.5.1 of the code provision of the Code, which has been renumbered as Rule 3.27A of the Listing Rules with effect from 1 January 2022) and paragraph B.3.1 of the code provision of the Code provide that an issuer should establish a nomination committee with specific written terms of reference for the following duties: (i) review the structure, size and composition of the Board, (ii) select and nominate individuals to be appointed as directors, (iii) assess the independence of independent non-executive directors, and (iv) make recommendation to the Board on the appointment or reappointment of directors and succession planning for directors. The Company had not set up a nomination committee as all major decisions regarding the board of directors of the Company (the "Board") composition and its members were made in consultation with the Board in which all directors of the Company would participate in the process and perform the duties of a nomination committee as contemplated in the Code. The Board considered that it was not necessary to establish a nomination committee given that the current arrangements meet the objective of the Code.

In view of the relevant Listing Rules and the Code amendments effective from 1 January 2022, the Company has set up a nomination committee with its terms of reference with effect from 19 January 2022 and since then, the relevant deviation has been remediated.

## **COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as the code of conduct in respect of transactions in securities of the Company by the directors of the Company. Having made specific enquiry of all directors of the Company, the Company confirms that the directors of the Company have complied with the required standards set out in the Model Code for the six months ended 30 June 2022.



## **SUFFICIENCY OF PUBLIC FLOAT**

Based on information that is publicly available to the Company and to the best knowledge of the directors of the Company, for the six months ended 30 June 2022 and up to the date of this report, the Company has maintained the public float required by the Listing Rules.

## **SIGNIFICANT EVENT AFTER THE REPORTING PERIOD**

For the six months ended 30 June 2022 and up to the date of this report, the Group had no significant events after the reporting period.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **REVIEW OF INTERIM RESULTS**

The unaudited interim results for the six months ended 30 June 2022 and the interim report have been reviewed by the audit committee of the Company which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements.

The interim results is unaudited, but has been reviewed by the Company's auditor, KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (2021: Nil).

## **OUR APPRECIATION**

Finally, we would like to express our gratitude to the shareholders of the Company and the suppliers and customers of the Group for their unwavering support. We would also like to thank our dedicated staff for their hard work and contribution to the Group.

By order of the Board  
**Vietnam Manufacturing and Export Processing (Holdings) Limited**  
**Liu Wu Hsiung**  
*Chairman*

Hong Kong, 10 August 2022



**Review report to the Board of Directors of  
Vietnam Manufacturing and Export Processing (Holdings) Limited  
(Incorporated in the Cayman Islands with limited liability)**

**Introduction**

We have reviewed the interim financial report set out on pages 15 to 34 which comprises the consolidated statement of financial position of Vietnam Manufacturing and Export Processing (Holdings) Limited (the “Company”) as of 30 June 2022 and the related consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

**Scope of review**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2022 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

**KPMG**

*Certified Public Accountants*  
8th Floor, Prince’s Building  
10 Chater Road  
Central, Hong Kong

10 August 2022



## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2022 - unaudited

(Expressed in United States dollars)

	Note	Six months ended 30 June	
		2022 US\$	2021 US\$
<b>Revenue</b>	4	<b>62,204,787</b>	59,955,149
Cost of sales		<b>(56,514,409)</b>	(54,536,040)
<b>Gross profit</b>		<b>5,690,378</b>	5,419,109
Other income		<b>733,247</b>	196,342
Distribution costs		<b>(2,957,170)</b>	(3,316,607)
Technology transfer fees		<b>(361,587)</b>	(468,634)
Administrative and other operating expenses		<b>(3,208,970)</b>	(3,539,583)
<b>Results from operation</b>		<b>(104,102)</b>	(1,709,373)
Finance income		<b>1,426,288</b>	1,225,711
Finance costs		<b>(895,813)</b>	(441,851)
<b>Net finance income</b>	5(a)	<b>530,475</b>	783,860
Impairment loss on other property, plant and equipment	5(c)	<b>(134,352)</b>	(282,986)
Impairment loss on prepayments for other property, plant and equipment	5(c)	<b>(7,078)</b>	(35,564)
Share of profit of an associate		<b>65,255</b>	39,412
		<b>(76,175)</b>	(279,138)
<b>Profit/(loss) before taxation</b>	5	<b>350,198</b>	(1,204,651)
Income tax (expense)/credit	6	<b>(3,969)</b>	12,580
<b>Profit/(loss) for the period</b>		<b>346,229</b>	(1,192,071)





## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

for the six months ended 30 June 2022 - unaudited

(Expressed in United States dollars)

	Note	Six months ended 30 June	
		2022 US\$	2021 US\$
<b>Other comprehensive income for the period (after tax)</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of overseas subsidiaries and an associate		<b>(815,586)</b>	236,154
<b>Total comprehensive income for the period</b>		<b>(469,357)</b>	(955,917)
<b>Profit/(loss) for the period attributable to:</b>			
Equity shareholders of the Company		<b>346,231</b>	(1,192,069)
Non-controlling interests		<b>(2)</b>	(2)
		<b>346,229</b>	(1,192,071)
<b>Total comprehensive income attributable to:</b>			
Equity shareholders of the Company		<b>(469,355)</b>	(955,915)
Non-controlling interests		<b>(2)</b>	(2)
		<b>(469,357)</b>	(955,917)
<b>Earnings/(loss) per share</b>			
– Basic and diluted	7	<b>0.0004</b>	(0.0013)

The notes on pages 21 to 34 form part of this interim financial report.



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2022 - unaudited

(Expressed in United States dollars)

	Note	At 30 June 2022 US\$	At 31 December 2021 US\$
<b>Non-current assets</b>			
Investment properties		4,139,137	4,192,630
Other property, plant and equipment	9	4,131,676	2,919,138
Interest in an associate		673,757	615,055
Deferred tax assets		86,806	93,203
		<b>9,031,376</b>	7,820,026
<b>Current assets</b>			
Inventories	10	24,740,083	29,492,257
Trade receivables, other receivables and prepayments	11	31,565,973	25,778,262
Current tax recoverable		939	32,340
Cash and bank balances	12	58,061,897	50,584,588
		<b>114,368,892</b>	105,887,447
<b>Current liabilities</b>			
Trade and other payables	13	26,706,914	23,288,897
Bank loans	14	41,219,993	36,052,299
Lease liabilities		50,489	9,302
Current tax payable		–	7,171
Provisions		989,476	1,058,435
		<b>68,966,872</b>	60,416,104
		<b>45,402,020</b>	45,471,343
<b>Net current assets</b>			
<b>Total assets less current liabilities</b>		<b>54,433,396</b>	53,291,369
<b>Non-current liabilities</b>			
Lease liabilities		2,311,033	699,649
<b>NET ASSETS</b>		<b>52,122,363</b>	52,591,720



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

at 30 June 2022 - unaudited

(Expressed in United States dollars)

	<i>Note</i>	<b>At 30 June 2022 US\$</b>	At 31 December 2021 US\$
<b>Capital and reserves</b>			
Share capital		<b>1,162,872</b>	1,162,872
Reserves		<b>50,955,183</b>	51,424,538
<b>Total equity attributable to equity shareholders of the Company</b>		<b>52,118,055</b>	52,587,410
Non-controlling interests		<b>4,308</b>	4,310
<b>TOTAL EQUITY</b>		<b>52,122,363</b>	52,591,720

Approved and authorised for issue by the Board of Directors on 10 August 2022.

*Director*

**Mr. Huang Tsung Yeh**

*Director*

**Mr. Lin Chun Yu**

The notes on pages 21 to 34 form part of this interim financial report.



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2022 - unaudited

(Expressed in United States dollars)

	Attributable to equity shareholders of the Company						Total US\$	Non- controlling interests US\$	Total equity US\$
	Share capital US\$	Share premium US\$	Capital reserve US\$	Exchange reserve US\$	Statutory reserves US\$	Accumulated losses US\$			
<b>Balance at 1 January 2021</b>	1,162,872	112,198,709	1,962,666	(35,229,804)	32,642	(22,659,726)	57,467,359	4,311	57,471,670
<b>Changes in equity for 2021:</b>									
Loss for the year	-	-	-	-	-	(5,568,542)	(5,568,542)	(1)	(5,568,543)
Other comprehensive income	-	-	-	688,593	-	-	688,593	-	688,593
Total comprehensive income	-	-	-	688,593	-	(5,568,542)	(4,879,949)	(1)	(4,879,950)
Transfer statutory reserves to retained profits	-	-	-	-	(32,642)	32,642	-	-	-
<b>Balance at 31 December 2021</b>	1,162,872	112,198,709	1,962,666	(34,541,211)	-	(28,195,626)	52,587,410	4,310	52,591,720
<b>Balance at 1 January 2022</b>	1,162,872	112,198,709	1,962,666	(34,541,211)	-	(28,195,626)	52,587,410	4,310	52,591,720
<b>Changes in equity for the period:</b>									
Profit for the period	-	-	-	-	-	346,231	346,231	(2)	346,229
Other comprehensive income	-	-	-	(815,586)	-	-	(815,586)	-	(815,586)
Total comprehensive income	-	-	-	(815,586)	-	346,231	(469,355)	(2)	(469,357)
<b>Balance at 30 June 2022</b>	1,162,872	112,198,709	1,962,666	(35,356,797)	-	(27,849,395)	52,118,055	4,308	52,122,363

The notes on pages 21 to 34 form part of this interim financial report.



## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2022 - unaudited

(Expressed in United States dollars)

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>US\$</b>	US\$
<b>Cash generated from/(used in) operations</b>	<b>1,446,333</b>	(7,977,434)
Tax refunded/(paid)	<b>20,291</b>	(485)
<b>Net cash generated from/(used in) operating activities</b>	<b>1,466,624</b>	(7,977,919)
<b>Investing activities</b>		
Increase in time deposits maturing after three months	<b>(3,450,862)</b>	(9,852,802)
Others	<b>1,462,231</b>	683,496
<b>Net cash used in investing activities</b>	<b>(1,988,631)</b>	(9,169,306)
<b>Financing activities</b>		
Proceeds from borrowings	<b>61,002,729</b>	47,168,309
Repayment of borrowings	<b>(55,409,602)</b>	(39,457,522)
Others	<b>(784,397)</b>	(461,827)
<b>Net cash generated from financing activities</b>	<b>4,808,730</b>	7,248,960
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,286,723</b>	(9,898,265)
<b>Cash and cash equivalents at 1 January</b>	<b>10,537,922</b>	15,748,526
<b>Effect of foreign exchange rate changes</b>	<b>(260,276)</b>	20,751
<b>Cash and cash equivalents at 30 June</b>	<b>14,564,369</b>	5,871,012

The notes on pages 21 to 34 form part of this interim financial report.



## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

*(Expressed in United States dollars unless otherwise indicated)*

### 1 REPORTING CORPORATE INFORMATION

Vietnam Manufacturing and Export Processing (Holdings) Limited (the “Company”) was incorporated in the Cayman Islands on 20 June 2005 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Company and its subsidiaries (collectively, the “Group”) are principally engaged in manufacture and sales of motorbikes, related spare parts and engines and provision of motorbike maintenance services.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 20 December 2007.

### 2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 10 August 2022.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. KPMG’s independent review report to the Board of Directors is included on page 14.



## **2 BASIS OF PREPARATION (continued)**

The financial information relating to the financial year ended 31 December 2021 that is included in the interim financial report as comparative information does not constitute the Company's annual consolidated financial statements for that financial year but is derived from those financial statements. The Company's auditor has reported on those financial statements. The auditor's report was unqualified and did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report.

## **3 CHANGES IN ACCOUNTING POLICIES**

The IASB has issued several amendments to IFRSs that are first effective for the current accounting period of the Group. None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## **4 REVENUE AND SEGMENT REPORTING**

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified three reportable segments. No operating segments have been aggregated to form the following reportable segments.



#### 4 REVENUE AND SEGMENT REPORTING (continued)

##### (a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines and geographical location of customers is as follows:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>US\$</b>	US\$
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
Disaggregated by major products or service lines		
– Manufacture and sale of motorbikes	<b>55,732,411</b>	53,943,313
– Manufacture and sale of spare parts and engines	<b>6,459,240</b>	5,943,676
– Moulds and repair services	<b>13,136</b>	68,160
	<b>62,204,787</b>	59,955,149
Disaggregated by geographical location of customers		
– Vietnam (place of domicile)	<b>17,281,811</b>	16,902,821
– Thailand	<b>24,226,319</b>	22,591,753
– Malaysia	<b>15,567,489</b>	16,345,310
– Greece	<b>2,446,854</b>	1,343,044
– The Philippines	<b>1,273,484</b>	1,534,863
– Taiwan	<b>56,850</b>	67,048
– Other countries	<b>1,351,980</b>	1,170,310
	<b>62,204,787</b>	59,955,149





#### 4 REVENUE AND SEGMENT REPORTING (continued)

##### (b) Information about reportable segment revenue and profit or loss

Information regarding the Group's reportable segments as provided to the Group's senior executive management for the purpose of resource allocation and assessment of segment performance for the period in set out below:

	Six months ended 30 June 2022			
	Manufacture and sale of motorbikes US\$	Manufacture and sale of spare parts and engines US\$	Moulds and repair services US\$	Total US\$
Revenue from external customers recognised at point in time	55,732,411	6,459,240	13,136	62,204,787
Inter-segment revenue	-	16,986,415	-	16,986,415
<b>Reportable segment revenue</b>	<b>55,732,411</b>	<b>23,445,655</b>	<b>13,136</b>	<b>79,191,202</b>
Segment profit before depreciation	839,123	17,245	11,876	868,244
Depreciation	(313,533)	-	-	(313,533)
<b>Reportable segment profit ("adjusted EBIT")</b>	<b>525,590</b>	<b>17,245</b>	<b>11,876</b>	<b>554,711</b>
Share of profit of an associate				65,255
Net finance income				530,475
Impairment loss on other property, plant and equipment				(134,352)
Impairment loss on prepayments for other property, plant and equipment				(7,078)
Unallocated corporate expenses				(658,813)
<b>Profit before taxation</b>				<b>350,198</b>



#### 4 REVENUE AND SEGMENT REPORTING (continued)

##### (b) Information about reportable segment revenue and profit or loss (continued)

	Six months ended 30 June 2021			
	Manufacture and sale of motorbikes US\$	Manufacture and sale of spare parts and engines US\$	Moulds and repair services US\$	Total US\$
Revenue from external customers recognised at point in time	53,943,313	5,943,676	68,160	59,955,149
Inter-segment revenue	-	15,418,247	-	15,418,247
<b>Reportable segment revenue</b>	<b>53,943,313</b>	<b>21,361,923</b>	<b>68,160</b>	<b>75,373,396</b>
Segment (loss)/profit before depreciation	(212,830)	(597,897)	6,693	(804,034)
Depreciation	(76,325)	-	-	(76,325)
<b>Reportable segment (loss)/profit ("adjusted EBIT")</b>	<b>(289,155)</b>	<b>(597,897)</b>	<b>6,693</b>	<b>(880,359)</b>
Share of profit of an associate				39,412
Net finance income				783,860
Impairment loss on other property, plant and equipment				(282,986)
Impairment loss on prepayments for other property, plant and equipment				(35,564)
Unallocated corporate expenses				(829,014)
<b>Loss before taxation</b>				<b>(1,204,651)</b>

The measure used for reporting segment result is "adjusted EBIT" i.e. "adjusted earnings or loss before interest and taxes", where "interest" is regarded as net finance income. To arrive at adjusted EBIT the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as share of profit of an associate, impairment losses on other property, plant and equipment and prepayments for other property, plant and equipment ("Motorbike non-current assets"), and other head office or corporate administration expenses.



## 5 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after (crediting)/charging:

### (a) Net finance income

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>US\$</b>	US\$
Interest income from banks	<b>(1,015,370)</b>	(954,293)
Net foreign exchange gain	<b>(410,918)</b>	(271,418)
<hr/>		
Finance income	<b>(1,426,288)</b>	(1,225,711)
<hr style="border-top: 1px dashed black;"/>		
Interest paid and payable to banks	<b>475,729</b>	416,604
Interest on lease liabilities	<b>420,084</b>	25,247
<hr/>		
Finance costs	<b>895,813</b>	441,851
<hr style="border-top: 1px dashed black;"/>		
	<b>(530,475)</b>	(783,860)

### (b) Staff costs

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>US\$</b>	US\$
Salaries, wages and other benefits	<b>4,699,970</b>	5,242,101
Contributions to defined contribution retirement plans	<b>536,116</b>	602,743
Severance pay allowance	-	48,654
<hr/>		
	<b>5,236,086</b>	5,893,498

### (c) Other items

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>US\$</b>	US\$
Depreciation of investment properties and other property, plant and equipment	<b>328,251</b>	90,942
Gain on disposal of other property, plant and equipment	<b>(129,744)</b>	(52,013)
Write-down of inventories (note 10)	<b>26,690</b>	343,322
Research and development expenses	<b>630,994</b>	813,607
Impairment loss on other property, plant and equipment <sup>#</sup>	<b>134,352</b>	282,986
Impairment loss on prepayments for other property, plant and equipment <sup>#</sup>	<b>7,078</b>	35,564



## 5 PROFIT/(LOSS) BEFORE TAXATION (continued)

### (c) Other items (continued)

- # The manufacturing and sale of motorbikes segment, manufacturing and sale of spare parts and engines segment and moulds and repair services segment in Vietnam are considered one cash generating unit (“CGU”) of the Group.

The Group suffered significant operating losses (before impairment losses on Motorbike non-current assets) over the past few years due to the fierce competition in the motorbike industry and increase of manufacturing cost on newly launched products. Based on an impairment assessment conducted by management, impairment losses totaling US\$141,430 (six months ended 30 June 2021: US\$318,550) was recognised in profit or loss during the period to write down the carrying amount of other property, plant and equipment and prepayments for other property, plant and equipment of the CGU to their recoverable amounts.

The recoverable amount of the CGU is determined based on the higher of its value-in-use and the fair value less costs of disposal. During the period, management identified certain land and buildings included in the CGU which carrying values are likely to be recovered through a sales transaction. The recoverable amounts of these land and buildings are measured based on their fair value less costs of disposal. This valuation model considers recent sales prices of comparable properties on a price per square foot basis, adjusted for a premium or a discount specific to the quality of the Group’s land and buildings compared to the recent sales. Higher premium for higher quality land and buildings will result a higher fair value measurement. The fair value on which recoverable amount is based is categorised as a Level 3 measurement under the three-level fair value hierarchy as defined in IFRS 13, *Fair Value Measurement*. Key unobservable inputs include the premium on quality of the land and buildings of 3% (six months ended 30 June 2021: 4%). For assets which management considers are likely to recover through continuing use, the Group assessed the recoverable amount based on a value-in-use calculation. These calculations use cash flow forecast based on financial budgets approved by management in which cash flows are discounted using pre-tax discount rate of 13% (six months ended 30 June 2021: 15%).



## 6 INCOME TAX EXPENSES/(CREDIT)

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>US\$</b>	<b>US\$</b>
<b>Current tax</b>		
Provision for the period	<b>3,969</b>	–
Over-provision in respect of prior periods	–	(12,580)
	<b>3,969</b>	(12,580)

No provision for Hong Kong Profits Tax has been made as the Group did not earn any income subject to Hong Kong Profits Tax for the six months ended 30 June 2022 and 2021.

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

In accordance with the Law of Foreign Investment of 1987, as amended in 1990 and 1992 in Vietnam, provision for corporate income tax ("CIT") for Vietnam Manufacturing and Export Processing Co., Limited ("VMEP") is calculated at 18% of the taxable profits on motorbike assembling and manufacturing activities and at the rate of 10% of taxable profits on engine assembling and manufacturing activities. The applicable tax rate for profits from other operating activities is 20%.

In accordance with the Law of Foreign Investment of 1996, as amended in 2000, the Investment Law of 2006, and the Law on Corporate Income Tax of 2003 in Vietnam, the applicable tax rate for Duc Phat Molds Inc. is 20% from 2016 onwards.

In accordance with the Law of Foreign Investment of 1996, as amended in 2000 in Vietnam, the applicable CIT rate for Vietnam Casting Forge Precision Limited is 15% from 2013 onwards.

On 19 June 2013, the National Assembly in Vietnam approved the Law on amendments and supplements to a number of articles of the Corporate Income Tax Law. Accordingly, the highest income tax rate shall be reduced from 25% to 22% for 2015, and to 20% from 2016.

In accordance with the Corporate Income Tax Law of Taiwan, as amended in 2019, the applicable tax rate for Chin Zong Trading Co., Ltd. ("Chin Zong") is 20% if the taxable profit for the year is above New Taiwan Dollar ("NT\$") 120,000. Income tax is exempted if the taxable profit is below NT\$120,000.



## 7 EARNINGS/(LOSS) PER SHARE

### (a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to equity shareholders of the Company of US\$346,231 (six months ended 30 June 2021: loss attribute to equity shareholders of the Company of US\$1,192,069) and the weighted average of 907,680,000 ordinary shares (2021: 907,680,000 ordinary shares) in issue during the interim period. The amount of basic earnings per share is US\$0.0004 (six months ended 30 June 2021: basic loss per share US\$0.0013) for the six months ended 30 June 2022.

### (b) Diluted earnings/(loss) per share

The amount of diluted earnings/(loss) per share is the same as basic earnings/(loss) per share for the six months ended 30 June 2022 and 2021 as there were no potential dilutive ordinary shares in existence during the six months ended 30 June 2022 and 2021.

## 8 DIVIDEND

No dividend has been paid or declared by the Company for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

## 9 OTHER PROPERTY, PLANT AND EQUIPMENT

(a) During the six months ended 30 June 2022, the Group recognised items of other property, plant and equipment with a cost of US\$1,678,387 (six months ended 30 June 2021: US\$284,564).

### (b) Impairment losses

During the six months period ended 30 June 2022, an impairment loss of US\$134,352 (six months ended 30 June 2021: US\$282,986) was recognised in profit or loss for other property, plant and equipment (see note 5(c)).

## 10 INVENTORIES

During the six months ended 30 June 2022, US\$26,960 (six months ended 30 June 2021: US\$343,322) has been recognised as an expense in profit or loss, being the amount of a write-down of motorbikes manufacturing inventories to estimated net realisable value. This write-down arose due to a decrease in the estimated net realisable value of certain inventories as a result of slow moving status.



## 11 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	<b>At 30 June 2022 US\$</b>	At 31 December 2021 US\$
Trade receivables	<b>16,214,168</b>	10,543,474
Non-trade receivables	<b>14,749,576</b>	14,491,519
Prepayments	<b>564,583</b>	160,080
Amounts due from related parties		
Trade	<b>37,646</b>	527,928
Non-trade	–	55,261
	<b>31,565,973</b>	25,778,262

As of the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date (or date of revenue recognition, if earlier) and net of loss allowance, is as follows:

	<b>At 30 June 2022 US\$</b>	At 31 December 2021 US\$
Within 3 months	<b>16,251,752</b>	10,539,789
More than 3 months but within 1 year	<b>62</b>	530,802
More than 1 year	–	811
	<b>16,251,814</b>	11,071,402

The Group's exposure to credit risk is low as the Group generally offers no credit terms to domestic customers, except for a customer, who is granted a credit term of 90 days. Overseas customers are generally granted credit terms ranging from 30 days to 90 days. At the end of the reporting period, 47% (31 December 2021: 40%) of the total trade receivables was due from the Group's largest debtor.

Non-trade receivables mainly represented VAT recoverable of US\$5,940,365 (31 December 2021: US\$5,611,170) and import tax refundable of US\$6,238,775 (31 December 2021: US\$6,058,004).



## 12 CASH AND BANK BALANCES

	<b>At 30 June 2022 US\$</b>	At 31 December 2021 US\$
Cash at banks and on hand	<b>6,838,735</b>	8,911,391
Time deposits maturing within three months	<b>7,725,634</b>	1,626,531
<hr/>		
Cash and cash equivalents in condensed consolidated cash flow statement	<b>14,564,369</b>	10,537,922
Time deposits maturing after three months	<b>43,497,528</b>	40,046,666
<hr/>		
	<b>58,061,897</b>	50,584,588

## 13 TRADE AND OTHER PAYABLES

	<b>At 30 June 2022 US\$</b>	At 31 December 2021 US\$
Trade payables	<b>5,007,729</b>	4,711,066
Other payables and accrued operating expenses	<b>4,890,779</b>	5,091,241
Contract liabilities – billings in advance of performance	<b>3,697,179</b>	1,280,985
Amounts due to related parties		
Trade	<b>12,752,506</b>	11,961,731
Non-trade	<b>358,721</b>	243,874
<hr/>		
	<b>26,706,914</b>	23,288,897

As of the end of the reporting period, the ageing analysis of trade payables of the Group (including trade payables due to related parties), based on the invoice date, is as follows:

	<b>At 30 June 2022 US\$</b>	At 31 December 2021 US\$
Within 3 months	<b>17,748,343</b>	16,647,442
More than 3 months but within 1 year	<b>7,803</b>	24,739
More than 1 year but within 5 years	<b>4,089</b>	616
<hr/>		
	<b>17,760,235</b>	16,672,797





#### 14 BANK LOANS

As of the end of the reporting period, the bank loans of the Group were secured by time deposits of US\$23,088,736 (31 December 2021: US\$22,351,871) of the Group.

#### 15 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

All of the Group's financial instruments were carried at cost or amortised cost as at 31 December 2021 and 30 June 2022 and their carrying amounts are not materially different from their fair values.

#### 16 COMMITMENTS

Capital commitments outstanding at 30 June 2022 not provided for in the interim financial report

	<b>At 30 June 2022 US\$</b>	At 31 December 2021 US\$
Contracted for	<b>1,219,599</b>	1,265,084

#### 17 MATERIAL RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2022, transactions with the following parties are considered as material related party transactions:

<b>Name of party</b>	<b>Relationship</b>
Sanyang Motor Co., Ltd. ("Sanyang")	The ultimate holding company
Sanyang Global Co., Ltd.	A subsidiary of Sanyang
Xiamen Xiashing Motorcycle Co., Ltd.	A subsidiary of Sanyang
Sanyang Motor Colombia S.A.S.	A subsidiary of Sanyang
Vietnam Three Brothers Machinery Industry Co., Limited	The associate of the Company and a non-wholly owned subsidiary of Sanyang



## 17 MATERIAL RELATED PARTY TRANSACTIONS (continued)

### (a) Recurring transactions

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>US\$</b>	US\$
<b>Sales of finished goods and spare parts:</b>		
The ultimate holding company	<b>56,689</b>	67,598
Fellow subsidiaries	<b>86,670</b>	345,102
	<b>143,359</b>	412,700
<b>Purchases of raw materials and finished goods:</b>		
The ultimate holding company	<b>2,388,945</b>	3,304,727
Fellow subsidiaries	<b>17,091,058</b>	17,588,118
The associate	<b>3,115,438</b>	2,652,444
	<b>22,595,441</b>	23,545,289
<b>Purchases of other property, plant and equipment:</b>		
The ultimate holding company	<b>13,063</b>	44,330
The associate	-	165,045
	<b>13,063</b>	209,375
<b>Technology transfer fees:</b>		
The ultimate holding company	<b>361,587</b>	468,634
<b>Repair service fee:</b>		
The ultimate holding company	-	52,112
The associate	-	1,291
	-	53,403



## 17 MATERIAL RELATED PARTY TRANSACTIONS (continued)

### (b) Amounts due from related parties

	At 30 June 2022 US\$	At 31 December 2021 US\$
<b>Trade</b>		
The ultimate holding company	20,000	6,891
Fellow subsidiaries	17,646	445,480
The associate	–	75,557
	<b>37,646</b>	527,928
<b>Non-trade</b>		
The ultimate holding company	–	55,261
<b>Total</b>	<b>37,646</b>	583,189

### (c) Amounts due to related parties

	At 30 June 2022 US\$	At 31 December 2021 US\$
<b>Trade</b>		
The ultimate holding company	1,329,111	669,936
Fellow subsidiaries	10,806,391	10,745,614
The associate	617,004	546,181
	<b>12,752,506</b>	11,961,731
<b>Non-trade</b>		
The ultimate holding company	358,721	243,874
<b>Total</b>	<b>13,111,227</b>	12,205,605