

VMEPH
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 **2023**



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Liu Wu Hsiung (*Chairman*)
 Mr. Huang Tsung Yeh
 Mr. Lin Chun Yu

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

COMPANY SECRETARY

Ms. Lee Angel Pui Shan

AUDITOR

KPMG
 Certified Public Accountants
 Public Interest Entity Auditor registered
 in accordance with the Accounting and
 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
 Tel: (886) 3597 2788
 Fax: (886) 3597 1883



MANAGEMENT DISCUSSION AND ANALYSIS

Vietnam Manufacturing and Export Processing (Holdings) Limited (the “Company”) and its subsidiaries (collectively, 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 to overseas customers and providing services associated with moulds to make die-cast and forged metal parts.

OPERATION ENVIRONMENT

In the first half of 2023, current market headwinds, including market volatility, continuing geopolitical tensions and rising global inflation, have significantly hampered global economic growth.

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 2023 was 1,223,614 motorbikes, representing a decrease of 13.2% compared to the corresponding period of 2022. 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, pursue sustainable development and strive to enhance its profitability 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 2023, the Group sold about 15,600 units of motorbikes (including about 2,800 units of scooters and 12,800 units of cubs) in Vietnam, representing a decrease of 16.2% as compared with the same period last year. The Group sold an aggregate of approximately 33,200 units of scooters and cubs by exporting to Association of Southeast Asian Nations (“ASEAN”) countries, representing an increase of 6.2% from the same period last year.

The decrease in the Group’s total sales volume in Vietnam was mainly attributable to the slowdown in Vietnam’s economic growth, where economic uncertainties, including worsening inflation and soaring interest rates, have raised serious concerns about the purchasing power of the country, which in turn has translated into pessimism among consumers and a tendency to preserving their purchasing power. In the first half of 2023, the Group launched a variety of new and trendy scooters and cub motorbikes to satisfy the needs of young students and female consumers, and has introduced a brand-new scooter model “SHARK” in June 2023, which was well recognised by both distributors and consumers, resulting in increase in the Group’s sales volume for scooters and slightly offsetting the impact of the more prudent consumer behaviour in Vietnam. In terms of brand building, the Group has been working with its distributors to build more modern physical stores to enhance the image of the SYM brand and provide consumers with a more comfortable product display environment and repair service area, so as to continue to explore and focus on its channel operations in Vietnam.

The increase in the Group’s total export sales to ASEAN countries was mainly attributable to the Group’s continuous efforts in penetrating the Thai market and the timely introduction of brand-new models to accelerate the sales momentum in the Thai market, which drove the sales performance. In key market such as Malaysia, the significant depreciation of their currencies against the U.S. Dollar and the unfavourable impact of foreign exchange transactions have slowed down the willingness of distributors in those markets to import, while Japanese motorbike manufacturers, with their absolute dominance in terms of distribution channels and brand images, have expanded their promotional efforts, squeezing out the sales space of other motorbike brands, thereby affecting the Group’s sales growth.

The Group is continually committed to integrating its sales network to match marketing strategies, enhancing brand awareness and maintaining customer loyalty. As of 30 June 2023, the Group’s extensive distribution network comprised over 180 SYM authorised stores owned by dealers, covering every province in Vietnam.



FINANCIAL REVIEW

The Group's revenue decreased by 2.6% from US\$62.2 million for the six months ended 30 June 2022 to US\$60.6 million for the six months ended 30 June 2023. The Group recorded a net profit of US\$3.0 million for the six months ended 30 June 2023, representing an increase by US\$2.7 million as compared to the net profit of US\$0.3 million for the six months ended 30 June 2022. 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 2023 was US\$60.6 million, representing a decrease of US\$1.6 million or 2.6% as compared with US\$62.2 million for the six months ended 30 June 2022. The Group aptly increased the selling prices of its products in response to the increase in international raw materials prices during 2023, however, sales volume decreased as Vietnam consumer preserve their purchasing power, which resulted in a decrease in revenue as compared to the same period of the previous year. For products exported to ASEAN countries, an adjustment in selling prices, coupled with an increase in sales volume for mid-to-higher-end products, have driven, the revenue growth, partially offset by the slowdown of sale in the Malaysia. The Group will continue to actively develop new models and wide variety of products to satisfy consumer demand and enhance the Group's revenue.

COST OF SALES

The Group's cost of sales decreased by 7.6%, from US\$56.5 million for the six months ended 30 June 2022 to US\$52.2 million for the six months ended 30 June 2023. The majority of the Group's cost of sales comprised of raw material cost and direct labour costs. The decrease was mainly due to the decline in overall sales volume. However, the increase in sales volume to ASEAN countries enabled the Group to strengthen its bargaining power and be in a better position to negotiate with suppliers, improve its bargaining power with certain suppliers through bulk purchasing, and in turn reduce its production costs, which partially offset the increase in raw material costs.

As a percentage of total revenue, the Group's cost of sales decreased from 90.9% for the six months ended 30 June 2022 to 86.0% for the six months ended 30 June 2023. 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 2023, the Group recorded a gross profit and gross profit margin of approximately US\$8.5 million and 14.0% respectively (six months ended 30 June 2022: gross profit and gross profit margin of approximately US\$5.7 million and 9.1% respectively). The increase in gross profit and gross profit margin was attributable to the optimisation of the Group's product sales mix and the continuous enhancement of its product value in ASEAN countries, with the high-margin scooter models, which are widely popular among consumers, being the main driver of the Group's profitability. In addition, under the strategy of "ensuring profit comes first", the Group has driven the selling prices of domestic and overseas products and strengthened its bargaining power with suppliers to partially offset the impact of rising cost pressures of raw materials and maintain an appropriate profit margin for its products.

DISTRIBUTION EXPENSES

The Group's distribution expenses increased by 2.4%, from US\$2.96 million for the six months ended 30 June 2022 to US\$3.03 million for the six months ended 30 June 2023. The increase in distribution expenses was mainly attributable to the increase in transportation-related expenses and package expenses resulting from the increasing export sales volume of the Group to ASEAN countries.

ADMINISTRATIVE AND OTHER OPERATING EXPENSES

The Group's administrative and other operating expenses increased by 6.3%, from US\$3.2 million for the six months ended 30 June 2022 to US\$3.4 million for the six months ended 30 June 2023. The administrative and other operating expenses accounted for 5.6% of the Group's total revenue for the six months ended 30 June 2023. The increase was principally due to a slight increase in staff costs and office expenses.

RESULTS FROM OPERATIONS

As a result of the above factors, the Group's results from operations recorded a profit of US\$1.8 million for the six months ended 30 June 2023, which was an improvement by US\$1.9 million, as compared to a loss from operations of US\$0.1 million recorded for the six months ended 30 June 2022.

NET FINANCE INCOME

The Group's net finance income increased by 200.0%, from US\$0.5 million for the six months ended 30 June 2022 to US\$1.5 million for the six months ended 30 June 2023. Such increase was mainly attributable to (1) an increase in bank interest income by US\$0.5 million, (2) an increase in foreign exchange incomes of US\$0.7 million arising from fluctuation of the Vietnamese Dong against the US dollar and (3) an increase in bank interest expense by US\$0.2 million.



IMPAIRMENT LOSS ON 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") may be impaired. Accordingly, the Group carried out an impairment testing on the Relevant PPE and noted an impairment loss of approximately US\$0.3 million on the other property, plant and equipment was required during the six months ended 30 June 2023.

PROFIT FOR THE PERIOD AND MARGIN

As a result of the above factors, the Group recorded a net profit of US\$3.0 million for the six months ended 30 June 2023, representing an increase of US\$2.7 million, as compared to the net profit of US\$0.3 million for the six months ended 30 June 2022. The Group's net profit margin increased from 0.6% for the six months ended 30 June 2022 to 5.0% for the six months ended 30 June 2023.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2023, the Group's net current assets amounted to US\$47.3 million (31 December 2022: US\$44.3 million) which consisted of current assets amounting to US\$115.2 million (31 December 2022: US\$118.1 million) and current liabilities amounting to US\$67.9 million (31 December 2022: US\$73.8 million).

As at 30 June 2023, the Group had bank loans repayable within one year of US\$40.4 million (31 December 2022: US\$40.2 million). As at 30 June 2023, the Group had no interest-bearing bank loans repayable beyond one year (31 December 2022: Nil). As at 30 June 2023, the gearing ratio was 75.0% (31 December 2022: 79.0%) calculated as the ratio of total bank loans over total equity.

As at 30 June 2023, the cash and bank balances (including time deposits) amounted to US\$52.4 million, including US\$46.2 million denominated in Vietnamese Dong, US\$5.7 million denominated in US dollar and US\$0.5 million denominated in New Taiwan dollar (31 December 2022: US\$55.3 million, which included US\$47.9 million denominated in Vietnamese Dong, US\$6.9 million denominated in US dollar and US\$0.5 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 2023.



PLEDGE ON ASSETS

As at 30 June 2023, the Group pledged its bank time deposits of US\$24,489,530 as securities for banking facilities granted to the Group.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Transactions of the Group are mainly denominated in Vietnamese Dong and US dollar. The Group will closely monitor the trend of fluctuation exchange rate and strengthen relevant personnel's awareness of risk prevention to deal with exchange rate risks. 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. As of 30 June 2023, the Group did not use any financial instrument to hedge its foreign exchange risks.

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 2023, the Group had 1,152 employees (30 June 2022: 1,127). The total amount of salaries and related costs for the employees for the six months ended 30 June 2023 amounted to approximately US\$5.8 million (six months ended 30 June 2022: approximately US\$5.2 million).

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2023, the Group had no material capital commitments and contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the six months ended 30 June 2023, the Group had no material acquisition or disposal of subsidiaries and associated companies.

SIGNIFICANT INVESTMENT HELD

During the six months ended 30 June 2023, the Group did not hold any significant investment.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have any specific plan for material investments or acquisitions of capital assets as at 30 June 2023.

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

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.



CHANGES SINCE 31 DECEMBER 2022

Save as disclosed in this report, since 31 December 2022, 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 2022.

PROSPECTS

Looking ahead to the second half of 2023, considering the complicated and highly uncertain economic environment, the Group will follow a very cautious approach to ensure corporate sustainability. The Group will also closely and carefully monitor the motorbikes manufacturing and sales industry, the latest development of inflation and purchasing power and adjust its business strategies from time to time if required. 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. The Group will also organise a motorbike driving safety education campaign in schools throughout the nation and strengthen its online brand promotional activities to attract more potential consumers. For export sales, the Group will step up further to engage in marketing, enhance the brand loyalty and launch new products with enhanced product strength, so as to achieve further sales success. 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.

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. 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 issuance of new shares in the initial public offering by the Company in December 2007, net of listing expenses, were 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 titled “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 2023:

	Net proceeds from the initial public offering as stated in the Prospectus and the Announcement	Balance unutilised as at 1 January 2023	Amounts utilised during the six months ended 30 June 2023	Balance unutilised as at 30 June 2023
	<i>Approximately in US\$' million</i>	<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	-	-	-
Expanding distribution channels in Vietnam				
– Upgrading of existing facilities	4.0	-	-	-
– Establishing of new facilities	15.0	-	-	-
Mergers and acquisitions	9.0	-	-	-
General working capital	2.7	-	-	-
Development of production sites as well as the relocation of existing production facilities	15.0	3.0	0.3	2.7
Land development	19.3	15.1	-	15.1
Total	76.7	18.1	0.3	17.8

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

Ms. Wu Jui Chiao has been appointed as an acting chief executive officer of the Company and an acting general manager of the Company's subsidiaries, Vietnam Manufacturing and Export Processing Company Limited ("VMEP") and Chin Zong Trading Company Limited ("CZ") with effect from 17 April 2023.

Mr. Huang Tsung Yeh has resigned as the chief executive officer of the Company and the general manager of the Company's subsidiaries, VMEP and CZ with effect from 17 April 2023.

Mr. Chiang Chin Yung has resigned as the director of the Company's subsidiaries VMEP from 17 April 2023.

Ms. Lin Ching Ching was appointed as an independent director of Sea Sonic Electronics Co., Ltd. (a publicly-traded company on the Taiwan Stock Exchange) on 14 June 2023.

Save as disclosed above, up to the date of this report, no other information relating to the directors and 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 2022 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 2023, 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 Sanyang Motor Co., Ltd.

Name of directors	Types of shares	Capacity	Number of shares held (shares)	Approximate percentage of total share capital (%) ¹
Mr. Liu Wu Hsiung	Ordinary shares	Beneficial owner	111,380 (L)	0.014%
Mr. Chiang Chin Yung	Ordinary shares	Beneficial owner	55,000 (L)	0.007%
Ms. Wu Li Chu	Ordinary shares	Beneficial owner	17,046,560 (L)	2.138%

(L) – Long position

Note:

- The calculation is based on the total number of 797,489,604 shares of Sanyang Motor Co., Ltd. in issue as at 30 June 2023.

Save as disclosed above, as at 30 June 2023, 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 2023, 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:

Name of substantial shareholders	Types of shares	Capacity	Number of shares/ underlying shares held <i>(shares)</i>	Approximate percentage of total share capital <i>(%)</i>
Sanyang Motor Co., Ltd. ¹	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 Co., Ltd. and therefore Sanyang Motor Co., Ltd. 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 2023, 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 2023 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 2023, the Company has complied with all applicable code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Listing Rules.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Code, and maintain a high standard of corporate governance practices of the Company.

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 2023.

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, the Company has maintained a sufficient public float as required under the Listing Rules during the six months ended 30 June 2023 and up to the latest practicable date prior to the publication of this report.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

Subsequent to the six months ended 30 June 2023 and up to the date of this report, there were no significant events that might affect the Group.



REVIEW OF INTERIM RESULTS

The unaudited interim results for the six months ended 30 June 2023 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 of directors of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (2022: Nil).

OUR APPRECIATION

Lastly, we would like to express the sincerest 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 2023



**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 17 to 36 which comprises the consolidated statement of financial position of Vietnam Manufacturing and Export Processing (Holdings) Limited (the “Company”) as of 30 June 2023 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 2023 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 2023



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2023 - unaudited

(Expressed in United States dollars)

	Note	Six months ended 30 June	
		2023 US\$	2022 US\$
Revenue	4	60,607,091	62,204,787
Cost of sales		(52,150,569)	(56,514,409)
Gross profit		8,456,522	5,690,378
Other income		301,940	733,247
Distribution costs		(3,025,594)	(2,957,170)
Technology transfer fees		(550,726)	(361,587)
Administrative and other operating expenses		(3,379,916)	(3,208,970)
Results from operation		1,802,226	(104,102)
Finance income		2,549,405	1,426,288
Finance costs		(1,095,253)	(895,813)
Net finance income	5(a)	1,454,152	530,475
Impairment loss on other property, plant and equipment	5(c)	(255,900)	(134,352)
Impairment loss on prepayments for other property, plant and equipment	5(c)	–	(7,078)
Share of profit of an associate		7,553	65,255
		(248,347)	(76,175)
Profit before taxation	5	3,008,031	350,198
Income tax expense	6	(6,891)	(3,969)
Profit for the period		3,001,140	346,229



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

for the six months ended 30 June 2023 - unaudited

(Expressed in United States dollars)

	Note	Six months ended 30 June	
		2023 US\$	2022 US\$
Other comprehensive income for the period (after tax)			
<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		(69,046)	(815,586)
Total comprehensive income for the period		2,932,094	(469,357)
Profit for the period attributable to:			
Equity shareholders of the Company		3,001,138	346,231
Non-controlling interests		2	(2)
		3,001,140	346,229
Total comprehensive income attributable to:			
Equity shareholders of the Company		2,932,092	(469,355)
Non-controlling interests		2	(2)
		2,932,094	(469,357)
Earnings per share			
– Basic and diluted	7	0.0033	0.0004

The notes on pages 23 to 36 form part of this interim financial report.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2023 - unaudited

(Expressed in United States dollars)

	Note	At 30 June 2023 US\$	At 31 December 2022 US\$
Non-current assets			
Investment properties		4,061,797	4,076,156
Other property, plant and equipment	9	4,173,056	4,289,558
Interest in an associate		613,327	605,801
		8,848,180	8,971,515
Current assets			
Inventories	10	25,643,313	25,951,818
Trade receivables, other receivables and prepayments	11	37,174,399	36,799,492
Current tax recoverable		5,522	-
Cash and bank balances	12	52,352,088	55,297,226
		115,175,322	118,048,536
Current liabilities			
Trade and other payables	13	25,077,978	32,235,625
Bank loans	14	40,365,028	40,210,386
Lease liabilities		53,862	52,091
Current tax payable		-	19,879
Provisions		2,368,028	1,247,288
		67,864,896	73,765,269
Net current assets		47,310,426	44,283,267
Total assets less current liabilities		56,158,606	53,254,782
Non-current liabilities			
Deferred tax liabilities		33,154	33,607
Lease liabilities		2,310,612	2,338,429
		2,343,766	2,372,036
NET ASSETS		53,814,840	50,882,746



CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

at 30 June 2023 - unaudited

(Expressed in United States dollars)

	At 30 June 2023 US\$	At 31 December 2022 US\$
Capital and reserves		
Share capital	1,162,872	1,162,872
Reserves	52,647,656	49,715,564
Total equity attributable to equity shareholders of the Company	53,810,528	50,878,436
Non-controlling interests	4,312	4,310
TOTAL EQUITY	53,814,840	50,882,746

Approved and authorised for issue by the Board of Directors on 10 August 2023.

Director

Mr. Liu Wu Hsiung

Director

Mr. Lin Chun Yu



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2023 - unaudited

(Expressed in United States dollars)

	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Exchange reserve	Accumulated losses	Total		
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Balance at 1 January 2022	1,162,872	112,198,709	1,962,666	(34,541,211)	(28,195,626)	52,587,410	4,310	52,591,720
Changes in equity for the year:								
Loss for the year	-	-	-	-	(200,346)	(200,346)	-	(200,346)
Other comprehensive income	-	-	-	(1,508,628)	-	(1,508,628)	-	(1,508,628)
Total comprehensive income	-	-	-	(1,508,628)	(200,346)	(1,708,974)	-	(1,708,974)
Balance at 31 December 2022	1,162,872	112,198,709	1,962,666	(36,049,839)	(28,395,972)	50,878,436	4,310	50,882,746
Balance at 1 January 2023	1,162,872	112,198,709	1,962,666	(36,049,839)	(28,395,972)	50,878,436	4,310	50,882,746
Changes in equity for the period:								
Profit for the period	-	-	-	-	3,001,138	3,001,138	2	3,001,140
Other comprehensive income	-	-	-	(69,046)	-	(69,046)	-	(69,046)
Total comprehensive income	-	-	-	(69,046)	3,001,138	2,932,092	2	2,932,094
Balance at 30 June 2023	1,162,872	112,198,709	1,962,666	(36,118,885)	(25,394,834)	53,810,528	4,312	53,814,840

The notes on pages 23 to 36 form part of this interim financial report.



CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2023 - unaudited

(Expressed in United States dollars)

	Six months ended 30 June	
	2023 US\$	2022 US\$
Cash (used in)/generated from operations	(3,185,001)	1,446,333
Tax (paid)/refunded	(32,500)	20,291
Net cash (used in)/generated from operating activities	(3,217,501)	1,466,624
Investing activities		
Decrease/(increase) in time deposits maturing after three months	1,283,338	(3,450,862)
Others	1,565,125	1,462,231
Net cash generated from/(used in) investing activities	2,848,463	(1,988,631)
Financing activities		
Proceeds from borrowings	63,182,782	61,002,729
Repayment of borrowings	(63,200,136)	(55,409,602)
Others	(1,275,726)	(784,397)
Net cash (used in)/generated from financing activities	(1,293,080)	4,808,730
Net (decrease)/increase in cash and cash equivalents	(1,662,118)	4,286,723
Cash and cash equivalents at 1 January	10,518,849	10,537,922
Effect of foreign exchange rate changes	318	(260,276)
Cash and cash equivalents at 30 June	8,857,049	14,564,369

The notes on pages 23 to 36 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 and related spare parts and engines.

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 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 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 2022 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”).



2 BASIS OF PREPARATION (continued)

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 16.

The financial information relating to the financial year ended 31 December 2022 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 Group has applied the following new and amended IFRSs issued by the IASB to the interim financial report for the current accounting period:

- IFRS 17, *Insurance contracts*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to IAS 12, *Income taxes: International tax reform – Pillar Two model rules*

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 and 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 business lines (products and services). 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.

(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:

	Six months ended 30 June	
	2023	2022
	US\$	US\$
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or service lines		
– Manufacture and sale of motorbikes	55,983,595	55,732,411
– Manufacture and sale of spare parts and engines	4,623,496	6,459,240
– Moulds and repair services	–	13,136
	60,607,091	62,204,787
Disaggregated by geographical location of customers		
– Vietnam (place of domicile)	14,145,519	17,281,811
– Thailand	35,460,716	24,226,319
– Malaysia	4,380,628	15,567,489
– Greece	1,859,542	2,446,854
– The Philippines	3,606,433	1,273,484
– Taiwan	75,109	56,850
– Other countries	1,079,144	1,351,980
	60,607,091	62,204,787



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 is set out below:

	Six months ended 30 June 2023			Total US\$
	Manufacture and sale of motorbikes US\$	Manufacture and sale of spare parts and engines US\$	Moulds and repair services US\$	
Revenue from external customers recognised at point in time	55,983,595	4,623,496	–	60,607,091
Inter-segment revenue	–	16,605,692	–	16,605,692
Reportable segment revenue	55,983,595	21,229,188	–	77,212,783
Segment profit before depreciation	1,536,288	1,017,806	–	2,554,094
Depreciation	(116,916)	–	–	(116,916)
Reportable segment profit ("adjusted EBIT")	1,419,372	1,017,806	–	2,437,178
Share of profit of an associate				7,553
Net finance income				1,454,152
Impairment loss on other property, plant and equipment				(255,900)
Unallocated corporate expenses				(634,952)
Profit before taxation				3,008,031



4 REVENUE AND SEGMENT REPORTING (continued)

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

	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
Reportable segment revenue	55,732,411	23,445,655	13,136	79,191,202
Segment profit before depreciation	839,123	17,245	11,876	868,244
Depreciation	(313,533)	–	–	(313,533)
Reportable segment profit ("adjusted EBIT")	525,590	17,245	11,876	554,711
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)
Profit before taxation				350,198

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 BEFORE TAXATION

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

(a) Net finance income

	Six months ended 30 June	
	2023	2022
	US\$	US\$
Interest income from banks	(1,462,153)	(1,015,370)
Net foreign exchange gain	(1,087,252)	(410,918)
Finance income	(2,549,405)	(1,426,288)
Interest paid and payable to banks	1,013,686	811,765
Interest on lease liabilities	81,567	84,048
Finance costs	1,095,253	895,813
	(1,454,152)	(530,475)

(b) Staff costs

	Six months ended 30 June	
	2023	2022
	US\$	US\$
Salaries, wages and other benefits	5,177,633	4,699,970
Contributions to defined contribution retirement plans	621,935	536,116
	5,799,568	5,236,086



5 PROFIT BEFORE TAXATION (continued)

(c) Other items

	Six months ended 30 June	
	2023	2022
	US\$	US\$
Depreciation of investment properties and other property, plant and equipment	131,325	328,251
Gain on disposal of other property, plant and equipment	(68,932)	(129,744)
Write-down of inventories (note 10)	206,256	26,690
Research and development expenses	710,454	630,994
Impairment loss on other property, plant and equipment [#]	255,900	134,352
Impairment loss on prepayments for other property, plant and equipment [#]	–	7,078

[#] 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\$255,900 (six months ended 30 June 2022: US\$141,430) 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. Management identified certain buildings included in the CGU, which carrying values are likely to be recovered through a sales transaction. The recoverable amounts of these 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 buildings compared to the recent sales. Higher premium for higher quality 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 buildings of 0% - 13% (six months ended 30 June 2022: 2% - 5%). 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 2022: 13%).



6 INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	US\$	US\$
Current tax		
Provision for the period	6,891	3,969

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 2023 and 2022.

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 in Vietnam, the applicable CIT rate for Vietnam Casting Forge Precision Limited is 15% from 2013 onwards.

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 PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of US\$3,001,138 (six months ended 30 June 2022: US\$346,231) and the weighted average of 907,680,000 ordinary shares (2022: 907,680,000 ordinary shares) in issue during the interim period. The amount of basic earnings per share is US\$0.0033 for the six months ended 30 June 2023 (six months ended 30 June 2022: US\$0.0004).

(b) Diluted earnings per share

The amount of diluted earnings per share is the same as the basic earnings per share for the six months ended 30 June 2023 and 2022 as there were no potential dilutive ordinary shares in existence during the six months ended 30 June 2023 and 2022.

8 DIVIDEND

No dividend has been paid or declared by the Company for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

9 OTHER PROPERTY, PLANT AND EQUIPMENT

(a) During the six months ended 30 June 2023, the Group recognised items of other property, plant and equipment with a cost of US\$264,367 (six months ended 30 June 2022: US\$1,678,387).

(b) Impairment losses

During the six months period ended 30 June 2023, an impairment loss of US\$255,900 (six months ended 30 June 2022: US\$134,352) 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 2023, US\$206,256 (six months ended 30 June 2022: US\$26,690) 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

	At 30 June 2023 US\$	At 31 December 2022 US\$
Trade receivables	18,955,035	19,740,540
Non-trade receivables	17,886,140	16,714,310
Prepayments	308,602	277,416
Amounts due from related parties		
Trade	12,586	66,879
Non-trade	12,036	347
	37,174,399	36,799,492



11 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS (continued)

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:

	At 30 June 2023 US\$	At 31 December 2022 US\$
Within 3 months	18,967,621	19,679,572
More than 3 months but within 1 year	–	127,847
	18,967,621	19,807,419

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 15 days to 90 days. At the end of the reporting period, 66% (31 December 2022: 22%) of the total trade receivables was due from the Group's largest debtor.

Non-trade receivables mainly represented VAT recoverable of US\$7,276,318 (31 December 2022: US\$5,890,623) and import tax refundable of US\$8,243,727 (31 December 2022: US\$7,744,887).

12 CASH AND BANK BALANCES

	At 30 June 2023 US\$	At 31 December 2022 US\$
Cash at banks and on hand	8,857,049	7,932,734
Time deposits maturing within three months	–	2,586,115
Cash and cash equivalents in condensed consolidated cash flow statement	8,857,049	10,518,849
Time deposits maturing after three months	43,495,039	44,778,377
	52,352,088	55,297,226



13 TRADE AND OTHER PAYABLES

	At 30 June 2023 US\$	At 31 December 2022 US\$
Trade payables	5,706,333	8,431,671
Other payables and accrued operating expenses	3,672,515	5,359,558
Contract liabilities – billings in advance of performance	694,452	733,388
Amounts due to related parties		
Trade	14,452,444	17,295,814
Non-trade	552,234	415,194
	25,077,978	32,235,625

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:

	At 30 June 2023 US\$	At 31 December 2022 US\$
Within 3 months	20,141,972	25,718,605
More than 3 months but within 1 year	13,236	4,893
More than 1 year but within 5 years	3,569	3,987
	20,158,777	25,727,485

14 BANK LOANS

As of the end of the reporting period, the bank loans of the Group were secured by time deposits of US\$24,489,530 (31 December 2022: US\$24,809,910) 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 2022 and 30 June 2023 and their carrying amounts are not materially different from their fair values.



16 MATERIAL RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2023, transactions with the following parties are considered as material related party transactions:

Name of party	Relationship
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

(a) Recurring transactions

	Six months ended 30 June	
	2023 US\$	2022 US\$
Sales of finished goods and spare parts:		
The ultimate holding company	75,109	56,689
Fellow subsidiaries	–	86,670
	75,109	143,359
Purchases of raw materials and finished goods:		
The ultimate holding company	2,742,747	2,388,945
Fellow subsidiaries	15,311,045	17,091,058
The associate	2,635,312	3,115,438
	20,689,104	22,595,441
Purchases of other property, plant and equipment:		
The ultimate holding company	7,895	13,063
Technology transfer fees:		
The ultimate holding company	550,726	361,587



16 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(b) Amounts due from related parties

	At 30 June 2023 US\$	At 31 December 2022 US\$
Trade		
The ultimate holding company	12,586	7,759
Fellow subsidiaries	–	59,120
	12,586	66,879
Non-trade		
The ultimate holding company	188	347
Fellow subsidiaries	11,848	–
Total	24,622	67,226

(c) Amounts due to related parties

	At 30 June 2023 US\$	At 31 December 2022 US\$
Trade		
The ultimate holding company	2,374,484	1,174,967
Fellow subsidiaries	11,632,877	15,490,094
The associate	445,083	630,753
	14,452,444	17,295,814
Non-trade		
The ultimate holding company	551,585	415,194
Fellow subsidiaries	649	–
Total	15,004,678	17,711,008