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**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)

**CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO THE MASTER SALES AGREEMENT**

**THE MASTER SALES AGREEMENT**

On 13 March 2024, the Company (on behalf of each member of the Group) entered into the Master Sales Agreement with Sanyang (on behalf of each member of the Sanyang Group), pursuant to which the Company (on behalf of each member of the Group) has agreed to supply to the Sanyang Group motorbikes and/or any other products manufactured by the Group or purchased by the Group from Independent Third Parties from time to time, on a non-exclusive basis, and provide services to the Sanyang Group from time to time in connection with the supply of such products, including but not limited to motorbike maintenance services.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, Sanyang, through its wholly-owned subsidiary, SYI, held approximately 67.07% of the issued share capital of the Company and thus, is an indirect controlling Shareholder. As Sanyang is an indirect controlling Shareholder and thus a connected person of the Company by virtue of Rule 14A.07(1) of the Listing Rules, members of the Sanyang Group are also connected persons of the Company. Accordingly, the transactions contemplated under the Master Sales Agreement and the Annual Cap constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Annual Cap for the Continuing Connected Transactions exceeds 5%, the Continuing Connected Transactions are subject to the reporting, announcement, circular, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **EGM**

An EGM will be convened by the Company with a view to seek the approval of the Continuing Connected Transactions from the Independent Shareholders of the Company in accordance with the requirements of the Listing Rules. As Sanyang, either itself or its associates, being the counterparty to the Master Sales Agreement, is materially interested in those transactions, Sanyang and its associates will abstain from voting in the resolution to be proposed at the EGM for approving the above matter.

## **INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee has been established to consider whether the terms of the Continuing Connected Transactions are fair and reasonable, and to advise the Independent Shareholders on how to vote in respect of relevant resolution.

## **APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

Altus Capital Limited has been appointed by the Company as its Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Continuing Connected Transactions are fair and reasonable and as to voting at the EGM so far as the Independent Shareholders are concerned.

## **CIRCULAR**

A circular containing, among other things, further details of the Continuing Connected Transactions, a letter from the Independent Board Committee to the Independent Shareholders in respect of the Continuing Connected Transactions, a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions, and a notice convening the EGM, is expected to be dispatched to the Shareholders on or before 17 May 2024 as additional time is required to prepare and finalise the information for inclusion in the circular.

## **BACKGROUND**

On 13 March 2024, the Company (on behalf of each member of the Group) entered into the Master Sales Agreement with Sanyang (on behalf of each member of the Sanyang Group), pursuant to which the Company (on behalf of each member of the Group) has agreed to supply to the Sanyang Group motorbikes and/or any other products manufactured by the Group or purchased by the Group from Independent Third Parties from time to time, on a non-exclusive basis, and provide services to the Sanyang Group from time to time in connection with the supply of such products, including but not limited to motorbike maintenance services.

## **PRINCIPAL TERMS OF THE CONTINUING CONNECTED TRANSACTIONS, REASONS AND BENEFITS**

### ***Master Sales Agreement***

Date: 13 March 2024

Parties: (a) the Company (on behalf of the members of the Group) as the supplier  
(b) Sanyang (for itself and on behalf of other members of the Sanyang Group) as the purchaser

Term: 13 March 2024 to 31 December 2024

### ***Major terms and pricing terms of the Master Sales Agreement***

Under the Master Sales Agreement, the Company (on behalf of each member of the Group) has agreed to supply to the Sanyang Group the Products and the Services. The Sanyang Group may from time to time purchase Products and Services from the Group. If the Sanyang Group places a purchase order for any Product and/or Services with the Group and such purchase order is accepted by the Group, the Group shall supply the Sanyang Group Company with such Product and/or Services in accordance with the terms of the Master Sales Agreement and the relevant purchase order.

The price of supplying the Products and Services to members of the Sanyang Group shall be no less favourable to the Group than the price charged by the Group to customers who are Independent Third Parties for the sale of the same, substantially similar or comparable levels or categories or types (where applicable) of such products.

The Sanyang Group shall settle the purchase costs under the Master Sales Agreement in cash within 30 to 60 days (as the case may be) after the date of the invoice unless the relevant parties determined otherwise in the individual purchase orders.

The Master Sales Agreement is a framework agreement which provides the principles, mechanism and terms and conditions for the Sanyang Group's purchase of the Products and Services from the Group. Individual purchase orders will be entered into between the relevant members of the Group and the Sanyang Group from time to time which will specify the particulars of the Products to be purchased, price, delivery arrangements, whether any of the Services is required, and any other terms which may be relevant to the supply of Products to the Sanyang Group. The individual purchase order may only contain provisions which are in all material respects consistent with the binding principles, guidelines, terms and conditions set out in the Master Sales Agreement.

### ***Reasons and benefits for the Master Sales Agreement***

In terms of the export of motorbikes, the Group mainly exports motorbikes to member countries of the Association of South East Asian Nations, including Malaysia, the Philippines, Singapore and Thailand.

The Sanyang Group is a well-established manufacturer, supplier and distributor of motorbikes and related parts internationally. Taking into account the Sanyang Group's relevant experience in selling motorbikes to retailers in the European markets which the Group has yet to establish a major presence and the established business relationship with the Group from which the Sanyang Group gained profound understanding of the Group's products, and distribution needs, the Board considers the Sanyang Group a long term business partner and thus it is efficient to supply the Products to the Sanyang Group to establish market presence in European markets, as well as to capture and respond to anticipated market demands.

The Sanyang Group shall purchase the Products for its onwards distribution to retailers in territories in respect of which the Group has not established direct sales and export channels, being mainly European countries. The motorbike models intended to be sourced from the Group by the Sanyang Group include but are not limited to JET X 125, JET X 125 ABS, FUGUE 125 ABS and FUGUE 125 CBS, manufactured by VMEP. The Sanyang Group may also source other motorbike models from the Group from time to time when required.

Through the Sanyang Group's onwards distribution of specific models of motorbikes manufactured by the Group, the Group can leverage on the customer base and expertise of the Sanyang Group as a gateway and platform for capturing and expanding its own customer reach and sales opportunities, especially in the European markets, increasing its market shares and promoting its corporate and brand recognition. The Group is also not restricted from engaging further purchasers or distributors other than Sanyang Group to sell or distribute motorbikes manufactured by the Group or selling the Group's motorbikes directly to end-customers directly, and can thereby continue to expand its customer base and expand its market presence.

## **INTERNAL CONTROL MEASURES**

The Company has established internal control measures to ensure that the Continuing Connected Transactions are in accordance with the pricing policies and the terms of the Master Sales Agreement, and that the price of the Products and the Services to be sold to the Sanyang Group are on normal commercial terms and on terms no less favourable to the Group than those terms offered by the Group to Independent Third Parties for similar products and/or services. Such internal control measures employed by the Group include the following:

- (i) all the purchase orders under the Master Sales Agreement shall be reviewed and approved by the Directors and general manager, and finance department of the Company to ensure the terms are in compliance with the Master Sales Agreement, and in this connection he/she must be satisfied that (i) the pricing policies and internal procedures adopted by the Company have been fully complied with; (ii) each transaction thereunder are on normal commercial terms; and (iv) the selling price of the Product to the Sanyang Group is no less favourable to the Group than the price charged by the Group to customers who are Independent Third Parties for the sale of the same, substantially similar or comparable levels or categories or types (where applicable) of such products;
- (ii) to perform checking on the transaction amounts to ensure that the actual selling prices of the Products are in accordance with the standard wholesale price list of the Products and the agreed sales terms pursuant to the Master Sales Agreement;
- (iii) a monthly report will be prepared to check the accumulated selling amounts against the relevant annual cap of the period/financial year. In case the accumulated selling amount is about to reach the relevant annual cap, the Company will seek to revise the annual cap and re-comply with the requirements under Chapter 14A of the Listing Rules as appropriate; and
- (iv) the independent non-executive Directors shall, and the Company shall engage its external auditors to, conduct annual review of the Continuing Connected Transactions in accordance with the Listing Rules requirements.

The Board considers that the above internal control measures could effectively ensure that the pricing and terms of the transactions contemplated under the relevant agreements are conducted on normal commercial terms, no less favourable to the Group than those terms offered by the Group to Independent Third Parties for similar products and/or services and in accordance with the pricing policy as agreed under the relevant agreements.

## **HISTORICAL TRANSACTION AMOUNTS AND PROPOSED ANNUAL CAP**

### **Historical transaction amounts of the Continuing Connected Transactions**

There has been no historical transaction in relation to the supply of the Products and provision of Services to the Sanyang Group by the Group.

### **Proposed Annual Cap of the Continuing Connected Transactions and the basis of determination**

The Board proposes that the Annual Cap for the Continuing Connected Transactions for the year ending 31 December 2024 shall be US\$7,200,000.

The Annual Cap has been determined by the Board with reference to the expected purchase orders from the Sanyang Group based on the initial discussions and business plans discussed among the Group and the Sanyang Group, taking into account of the following factors:

- (i) a demand estimation for the year ending 31 December 2024 in view of the launch of new products and the recovery of global economy, and the demand in European countries for the core products (such as JET X 125, JET X 125 ABS, FUGUE 125 ABS and FUGUE 125 CBS model motorbikes) of the Group and relevant services;
- (ii) types and prices of motorbikes to be launched by the Group in the year ending 31 December 2024; and
- (iii) the Group's expected rising costs of manufacturing (and thereby resulting in the increase in the prices of motorbikes manufactured by the Group) as a result of, among others, the constantly rising costs of raw materials.

### **BOARD VIEWS**

As at the date of this announcement, each of Ms. Wu Li Chu, Mr. Liu Ju Cheng and Mr. Liu Wu Hsiung (all being Directors) has, or is deemed to have a 2.138%, 0.037% and 0.014% shareholding in Sanyang respectively. Ms. Wu Li Chu is the deputy vice chairperson of Sanyang and she serves as the directors of various subsidiaries of Sanyang. Mr. Chen Hsu Pin is the vice president of the president office of Sanyang and a director of various subsidiaries of Sanyang. Mr. Liu Ju Cheng is the manager of the overseas marketing sector of Sanyang. Therefore, pursuant to the articles of association of the Company and the Listing Rules, Ms. Wu Li Chu, Mr. Liu Ju Cheng, Mr. Liu Wu Hsiung and Mr. Chen Hsu Pin (together, the "**Abstained Directors**") had abstained from voting in the Board meeting to approve the Continuing Connected Transactions due to the aforesaid overlapping of roles and/or shareholding interests in the Sanyang. Save as mentioned above, no other Directors were in any way materially interested in and therefore have abstained from voting in the Board meeting approving the Continuing Connected Transactions.

The Group shall continue to monitor and ensure that the purchase price of the Products and the Services offered to the Sanyang Group are on normal commercial terms and on terms no less favourable to the Group than those terms offered by the Group to Independent Third Parties for similar products and/or services, as set out in the paragraph headed "Internal Control Measures" above.

The Board (excluding the Abstained Directors, and the independent non-executive Directors who will express their view after receiving full advice from the Independent Financial Adviser) considers that the Continuing Connected Transactions will be carried out in the ordinary and usual course of business of the Group and on normal commercial terms, and that the terms of such transactions and the Annual Cap has been reached after arm's length negotiations among the parties, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION OF THE COMPANY, THE GROUP, SANYANG AND SANYANG GROUP**

The Company is an investment holding company. The Group is one of the leading manufacturers of scooters and cub motorbikes in Vietnam which is principally engaged in the production of scooters and cub motorbikes, engines and related parts.

Sanyang, together with its subsidiaries, is principally engaged in the manufacturing of (i) motorbikes and related parts and (ii) motor cars, trucks and related parts. As at the date of this announcement, Sanyang, through its wholly-owned subsidiary, SYI, held 608,818,000 issued ordinary shares of the Company (approximately 67.07% of the issued share capital of the Company).

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Sanyang, through its wholly-owned subsidiary, SYI, held approximately 67.07% of the issued share capital of the Company and thus, is an indirect controlling Shareholder. As Sanyang is an indirect controlling Shareholder and thus a connected person of the Company by virtue of Rule 14A.07(1) of the Listing Rules, members of the Sanyang Group are also connected persons of the Company. Accordingly, the transactions contemplated under the Master Sales Agreement and the Annual Cap constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Annual Cap for the Continuing Connected Transactions exceeds 5%, the Continuing Connected Transactions are subject to the reporting, announcement, circular, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **EGM**

An EGM will be convened by the Company with a view to seek the approval of the Continuing Connected Transactions from the Independent Shareholders of the Company in accordance with the requirements of the Listing Rules. As Sanyang, either itself or its associates, being the counterparty to the Master Sales Agreement, is materially interested in those transactions, Sanyang and its associates will abstain from voting in the resolution to be proposed at the EGM for approving the above matter.

### **INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee has been established to consider whether the terms of the Continuing Connected Transactions are fair and reasonable, and to advise the Independent Shareholders on how to vote in respect of relevant resolution.

### **APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

Altus Capital Limited has been appointed by the Company as its Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Continuing Connected Transactions is fair and reasonable and as to voting at the EGM so far as the Independent Shareholders are concerned.

## **CIRCULAR**

A circular containing, among other things, further details of the Continuing Connected Transactions, a letter from the Independent Board Committee to the Independent Shareholders in respect of the Continuing Connected Transactions, a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions, and a notice convening the EGM, is expected to be dispatched to the Shareholders on or before 17 May 2024 as additional time is required to prepare and finalise the information for inclusion in the circular.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions having the following meanings:

“Annual Cap”	the aggregate annual value of the Continuing Connected Transactions for the financial year ending 31 December 2024 proposed by the Board
“Board”	the board of Directors the Company
“Company”	Vietnam Manufacturing and Export Processing (Holdings) Limited (越南製造加工出口 (控股)有限公司), an exempted with limited liability company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange
“Continuing Connected Transactions”	the transactions contemplated under the Master Sales Agreement
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting to be held by the Company to consider, and if thought fit, to approve, among others, the Continuing Connected Transaction
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board which comprises all independent non-executive Directors and was established to advise the Independent Shareholders on, among others, the Continuing Connected Transaction
“Independent Financial Adviser”	Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders as to the Continuing Connected Transactions

“Independent Shareholders”	Shareholders other than Sanyang and its associates and any other Shareholder(s) materially interested in the Continuing Connected Transactions
“Independent Third Parties”	persons or entities who/which are not connected persons within the meaning of the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“Master Sales Agreement”	the agreement dated 13 March 2024 entered into between the Company and Sanyang in relation to the supply of the Products by the Group to the Sanyang Group
“PRC”	the People’s Republic of China and for the purpose of this announcement, excludes Taiwan, the Macao Special Administrative Region of the PRC and Hong Kong
“Products”	motorbike and/or any other products manufactured by the Group or purchased by the Group from Independent Third Parties from time to time
“Sanyang”	Sanyang Motor Co., Ltd. (三陽工業股份有限公司), a company incorporated in Taiwan and listed on the Taiwan Stock Exchange, which is the ultimate controlling shareholder of the Company
“Sanyang Group”	Sanyang, its subsidiaries and associates from time to time (excluding the Group)
“Services”	all services provided by the Group from time to time in connection with the supply of the Products, including but not limited to motorbike maintenance services
“Shareholder(s)”	holder of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SYI”	SY International Ltd., a company incorporated in Samoa with limited liability and a direct controlling shareholder of the Company
“US\$”	United States Dollars, being the lawful currency of the United States
“VMEP”	Vietnam Manufacturing and Export Processing Co., Ltd, a company incorporated in Vietnam and a direct wholly-owned subsidiary of the Company
“%”	per cent.



*In this announcement, unless the context requires otherwise, the terms “associate(s)”, “connected person(s)”, “connected transaction(s)”, “controlling shareholder(s)”, “percentage ratio(s)” and subsidiary(ies)”, shall have the meaning given to such terms in the Listing Rules.*

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

Hong Kong, 13 March 2024

*As at the date of this announcement, the Board comprised three executive Directors, namely Mr. Liu Wu Hsiung, Ms. Wu Jui Chiao and Mr. Lin Chun Yu, three non-executive Directors, namely Mr. Wu Li Chu, Mr. Chen Hsu Pin and Mr. Liu Ju Cheng and three independent non-executive Directors, namely Ms. Lin Ching Ching, Mr. Cheung On Kit Andrew and Ms. Wu Hui Lan.*