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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)

**DISCLOSEABLE TRANSACTION
IN RELATION TO
FORMATION OF JOINT VENTURE**

THE JOINT VENTURE AGREEMENT

On 14 May 2018 (after trading hours), VMEP (a direct wholly-owned subsidiary of the Company) and DWTD entered into the Joint Venture Agreement, pursuant to which the parties agreed to establish the Joint Venture for the purpose of investment in and development of the Project. The total capital contribution in the Joint Venture by VMEP is approximately US\$11,730,000 (for illustration purpose only, equivalent to HK\$91,963,200), which represents 51% of the charter capital of the Joint Venture.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios for the capital contribution by VMEP into the Joint Venture exceed(s) 5% but are all less than 25%, the Proposed JV Formation constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Company should note that the Joint Venture Agreement is subject to certain conditions and accordingly the Proposed JV Formation may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Board is pleased to announce that on 14 May 2018 (after trading hours), VMEP (a direct wholly-owned subsidiary of the Company) and DWTD entered into the Joint Venture Agreement, pursuant to which the parties agreed to establish the Joint Venture for the purpose of investment in and development of the Project. The total capital contribution in the Joint Venture by VMEP is approximately US\$11,730,000 (for illustration purpose only, equivalent to HK\$91,963,200), which represents 51% of the charter capital of the Joint Venture.

THE JOINT VENTURE AGREEMENT

The principal terms of the Joint Venture Agreement are summarized below:

Date: 14 May 2018

Parties: (i) VMEP; and
(ii) DWTD.

Joint Venture: SYM – DWTD Housing Development Co., Ltd., a company to be incorporated in Vietnam

Condition precedent: The obligations of the parties pursuant to the Joint Venture Agreement are condition on obtaining the approval of the Detailed Master Plan of 1/500 scale of the Project by the competent state authorities in Vietnam without significant variation to such plan prepared and submitted by the parties. For the purpose herein, if such approval reduces the net profit in the financial plan submitted together with the Detailed Master Plan of 1/500 scale to less than US\$5,000,000, it shall be deemed as a “significant variation”.

In case there is “significant variation”, the parties may upon mutual agreement terminate the Joint Venture Agreement and each party shall bear its costs and fees incurred.

Scope of Joint Venture business: The Joint Venture is set out for investment in and development of the Project. Please refer to the section headed “The Project and the Proposed JV Formation” below for more details of the Project.

Funding requirement: The expected total funding requirement of the Joint Venture is US\$115,000,000 (for illustration purpose only, equivalent to HK\$901,600,000) (to be adjusted and determined by the parties in accordance with the approval of the Detailed Master Plan of 1/500 scale granted by the competent state authorities in Vietnam), of which 20% shall be contributed by the parties to the charter capital of the Joint Venture, and the remaining 80% shall be financed by borrowings from Vietnamese banks or foreign banks to the Joint Venture.

The charter capital shall represent 20% of the total funding requirement, in which:

- (i). VMEP shall contribute 51% of the charter capital (with an amount of US\$11,730,000); and
- (ii). DWTD shall contribute 49% of the charter capital (with an amount of US\$11,270,000) respectively.

In the event that the Company's contribution to the charter capital of the Joint Venture is to be increased due to an increase in funding requirement in accordance with the approval of the Detailed Master Plan of 1/500 scale, the Company shall re-comply with the Listing Rules requirements where applicable.

The respective contribution to the charter capital of the Joint Venture by VMEP and DWTD is determined after arm's length negotiations among the parties with reference to the proposed funding requirements of the Joint Venture and the parties' respective percentage of charter capital in the Joint Venture. The Company intends to finance the capital contribution by the internal resources of the Group.

Upon the establishment of the Joint Venture, VMEP, a direct wholly-owned subsidiary of the Company, shall hold 51% of the charter capital in the Joint Venture, and DWTD shall hold the remaining 49% of the charter capital in the Joint Venture. The Joint Venture will be a non-wholly owned subsidiary of the Company.

Governing bodies:

The Joint Venture shall establish a members' council, which consists of authorized representatives of both parties, the number of which shall be mutually discussed and agreed by the parties from time to time in proportion to the amount of capital contribution he/she is authorised by his appointment party to represent. The Joint Venture shall also establish a board of directors which will report to the members' council.

Profit sharing:

Profit earned from the Project (after deducting the corporate income tax as specified in the Joint Venture Agreement) shall be distributed to VMEP and DWTD in proportion to their respective charter capital in the Joint Venture, except when the total accumulated net profit (after deducting the corporate income tax) of the Joint Venture is more than US\$20,000,000 but less than US\$30,000,000, VMEP and DWTD will be entitled to 71% and 29% of the net profit respectively.

Restriction on assignment of capital contribution:

Neither party may assign any of its capital contribution within five years from the issuance date of the Enterprise Registration Certificate of the Joint Venture.

THE PROJECT AND THE PROPOSED JV FORMATION

The Proposed JV Formation is for the purpose of undertaking and implementing the Project on the Land, which involves investment in and development of the Land for investing, constructing and developing a complex (which is expected to comprise of mixed-use office, commercial, supermarket, multilevel apartments, low-rise residential houses and kindergartens) on the Land for sale, lease and/or sublease and providing other related services. The Land is situated at La Khe Ward, Ha Dong District, Hanoi City, Vietnam with a total site area of 40,603.7 square meters, and the land use right of which is currently held by VMEP for the purpose of manufacturing of parts and motorcycle assembly factory. Given that the Land is within the planned area of mixed land use (i.e. residential, commercial and other purposes) and pre-school under the urban zoning plan of Vietnam, the Group intends to redevelop the Land to a mixed-use complex to create greater value on the Land.

As such, the Land will be handed over in vacant condition to the Joint Venture within 10 months from the issuance date of the Enterprise Registration Certificate of the Joint Venture for implementation of the Project, and a fee of US\$2,500,000 shall be paid by the Joint Venture to VMEP for compensation of removal of all its existing assets on the Land and demolition of building for redevelopment of the Land pursuant to the Joint Venture Agreement.

REASONS FOR AND BENEFITS OF FORMATION OF THE JOINT VENTURE

For the reasons stated above, and in order to align with the “2030 Hanoi Construction Master Plan and 2050 Outlook” policy promulgated by the Vietnam government, the Group entered into the Joint Venture Agreement with a view of establishing the Joint Venture to diversify and expand the Group’s business. In particular, the Joint Venture Agreement was entered into with DWTD, which has extensive experience in the property development market in Vietnam. As such, the Proposed JV Formation would allow the Group to benefit from DWTD’s abundant local resources and expertise which would enable the Group to create greater value on the Land.

The Directors (including the independent non-executive Directors) consider the terms of the Joint Venture Agreement, which were determined after arm’s length negotiations among the parties thereto, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE 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.

INFORMATION ON DWTD

DWTD is a joint stock company incorporated under the laws of Vietnam. It is principally engaged in real estate investment such as condominium development and resort hotel development.

To the best of the Director’s knowledge, information and belief having made all reasonable enquiries, DWTD and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios for the capital contribution by VMEP into the Joint Venture exceed(s) 5% but are all less than 25%, the Proposed JV Formation constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Company should note that the Joint Venture Agreement is subject to certain conditions and accordingly the Proposed JV Formation may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

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| “Board” | the board of Directors |
| “Company” | Vietnam Manufacturing and Export Processing (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange |
| “Director(s)” | the director(s) of the Company |
| “Detailed Master Plan of 1/500 scale” | means the detailed master plan of 1/500 scale in relation to the implementation of the Project prepared and submitted by the parties for approval by the competent state authorities in Vietnam in accordance with the Joint Venture Agreement |
| “DWTD” | Daewon – Thu Duc Housing Development Joint Stock Company, a joint stock company incorporated under the laws of Vietnam |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | Hong Kong Special Administrative Region of the People’s Republic of China |
| “Joint Venture” | SYM – DWTD Housing Development Co., Ltd., a joint venture company to be established as a limited liability company in Vietnam pursuant to the Joint Venture Agreement for the purpose of implementing the Project on the Land |
| “Joint Venture Agreement” | a joint venture agreement dated 14 May 2018 and entered into between VMEP and DWTD in relation to the formation of the Joint Venture |

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|-------------------------|---|
| “Land” | the plots of land located at La Khe Ward, Ha Dong District, Hanoi City, Vietnam with total site area of 40,603.7 square meters |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time) |
| “Project” | the investment in and development of the Land for investing, constructing and developing a complex (which is expected to comprise of mixed-use office, commercial, supermarket, multilevel apartments, low-rise residential houses and kindergartens) on the Land for sale, lease and/or sublease |
| “Proposed JV Formation” | the formation of the Joint Venture for the purpose of investing in and development of the Project through the transactions pursuant to and contemplated under the Joint Venture Agreement |
| “Shareholders” | holder(s) of the shares of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “US\$” | United States Dollars, being the lawful currency of the United States |
| “Vietnam” | Socialist Republic of Vietnam |
| “VMEP” | Vietnam Manufacturing & Export Processing Company Limited, a company with limited liability incorporated under the laws of Vietnam and a direct wholly-owned subsidiary of the Company |
| “VND” | Vietnamese Dong, being the lawful currency of Vietnam |
| “%” | per cent. |

In this announcement, unless the context otherwise requires, the terms “applicable percentage ratio”, “connected person(s)” and “subsidiary(ies)” shall have the meanings given to such terms in the Listing Rules, as modified by the Stock Exchange from time to time.

For the purpose of this announcement, unless the context otherwise requires, conversion of US\$ into HK\$ is based on the approximate exchange rate of US\$1.00 to HK\$7.84. The exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK\$ or US\$ have been, could have been or may be converted at such or any other rate or at all.

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

Hong Kong, 14 May 2018

As at the date of this announcement, the Board comprised three executive Directors, namely Mr. Liu Wu Hsiung, Mr. Lu Tien Fu and Mr. Lin Chun Yu, two non-executive Directors, namely Mr. Chiu Ying Feng and Ms. Wu Li Chu, and three independent non-executive Directors, namely Ms. Lin Ching Ching, Mr. Shen Hwa Rong and Ms. Wu Kwei Mei.