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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
INVESTMENT COOPERATION MEMORANDUM**

INVESTMENT COOPERATION MEMORANDUM

On 24 October 2019 (after trading hours), Dinh Duong (an indirect non-wholly-owned subsidiary of the Company) and the Business Partner entered into the Investment Cooperation Memorandum, pursuant to which Dinh Duong agreed to jointly invest in the Properties through the Business Partner, under which Dinh Duong would transfer an amount of VND69,000,000,000 (for illustration purpose only, equivalent to approximately HK\$23,322,000) to the Business Partner and entrust the Business Partner to acquire the Properties located in Ciputra Hanoi International City from Sunshine Developer. It is agreed between the parties to resell the Properties for profit as soon as practicable subject to market conditions.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios for the capital contribution by Dinh Duong to Business Partner for the Property Investment exceed(s) 5% but are all less than 25%, the entering into of the Investment Cooperation Memorandum constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 24 October 2019 (after trading hours), Dinh Duong (an indirect non-wholly-owned subsidiary of the Company) and the Business Partner entered into the Investment Cooperation Memorandum, pursuant to which Dinh Duong agreed to jointly invest in the Properties through the Business Partner, under which Dinh Duong would transfer an amount of VND69,000,000,000 (for illustration purpose only, equivalent to approximately HK\$23,322,000) to the Business Partner and entrust the Business Partner to acquire the Properties located in Ciputra Hanoi International City from Sunshine Developer. It is agreed between the parties to resell the Properties for profit as soon as practicable subject to market conditions.

THE INVESTMENT COOPERATION MEMORANDUM

The principal terms of the Investment Cooperation Memorandum are summarised below:

Date: 24 October 2019

Parties: (i) Dinh Duong; and
(ii) the Business Partner

Funding requirement: The indicative aggregate market price of the Properties upon the public sale of the Properties (which is expected to be within a few months after the date of this announcement) as provided by Sunshine Developer is approximately VND358,332,500,000. The Business Partner (for himself and on behalf of Dinh Duong) is able to acquire the Properties at a discounted price of approximately VND257,999,400,000 (the “**Discounted Purchase Price**”).

The expected initial funding requirement of the investment in the Properties to be paid by both parties as at the date of completion of the acquisition of the Properties (which is expected to be within seven days from the date of the Investment Cooperation Memorandum) is approximately VND106,066,480,000 (the “**Initial Investment Amount**”), comprising (i) the amount of VND77,399,820,000, which represents a down payment of 30% of the Discounted Purchase Price and is payable to Sunshine Developer; and (ii) VND28,666,660,000, which represents the amount of legal fees, administrative costs and applicable taxes in relation to the acquisition of Properties. The remaining 70% of the Discounted Purchase Price would either be paid out of the proceeds generated from the resale of the Properties or be paid by the Business Partner solely (details of which are set out in the section headed “Profit sharing” below). The Business Partner (for himself and on behalf of Dinh Duong) is able to obtain the ownership rights and the right to resell the Properties after paying the 30% down payment.

The Initial Investment Amount is contributed as to 65% (i.e. representing an amount of VND69,000,000,000) by Dinh Duong and 35% (i.e. representing an amount of VND37,066,480,000) by the Business Partner respectively.

Pursuant to the Investment Cooperation Memorandum, the Business Partner (for himself and on behalf of Dinh Duong), as the buyer, and Sunshine Developer, as the seller, shall enter into a separate agreement to acquire the Properties and complete the acquisition within seven days of the date of the Investment Cooperation Memorandum. However, if the said acquisition fails to complete, Dinh Duong shall be entitled to a refund of its

capital contribution (without interest) from the Business Partner after deducting any necessary administrative costs during the negotiation with Sunshine Developer.

If an agreement can be reached between the Business Partner (for himself and on behalf of Dinh Duong) and Sunshine Developer, the acquisition of the Properties would proceed and upon completion, the legal title of 10 of the 13 shop houses comprising the Properties will vest in the Business Partner, and the rest of the 3 shop houses will vest in a related person of the Business Partner. Dinh Duong would retain the original title deeds and payment receipts of eight shop houses, which is roughly equivalent to the proportion of the capital contribution to the Initial Investment Amount by Dinh Duong. Under the laws of Vietnam, a transfer in title of any properties can only be effected if the original title deeds and payment receipts are being delivered. As such, retaining the original title deeds and payment receipts would constitute in effect the guarantee and security for the capital contribution by the Group notwithstanding the legal title of the Properties being vested in the Business Partner and his related person.

Profit sharing:

It is agreed between the parties that upon the request of the Company, the Business Partner (for himself and on behalf of Dinh Duong) would on-sell the Properties for a minimum profit of VND10,000,000 per sq. m. within 18 months after the acquisition of the Properties by the Business Partner subject to market conditions. The Business Partner must obtain the prior written consent of Dinh Duong before entering into any agreement to resell the Properties.

The proceeds received from the sale of each of the Properties shall first be used to pay the rest of the 70% of the Discounted Purchase Price to Sunshine Developer. Any amount remaining (which should include a minimum profit of VND10,000,000 per sq. m.) will then be distributed to Dinh Duong and the Business Partner in proportion to their respective capital contribution to the Initial Investment Amount. Any personal or corporate taxes arising from the profits shall be paid by the relevant parties as applicable.

In the event that any of the Properties are not resold after 18 months from the acquisition of the Properties by the Business Partner, the Business Partner (and not the Group) shall be solely responsible for paying the remaining 70% of the Discounted Purchase Price to Sunshine Developer. It is agreed that the parties would still endeavor to on-sell the Properties for a minimum profit of VND10,000,000 per sq. m. subject to market conditions.

BASIS OF THE CONSIDERATION

The consideration for the Property Investment was arrived at after arm's length negotiation between the Business Partner (who would invest for himself and on behalf of Dinh Duong) and Sunshine Developer (being the property developer and the land owner of the Properties) by reference to the current market conditions, the location and quality of the Properties. The Board also (i) enquired with Sunshine Developer the indicative price range of the Properties when these are officially sold in the market, which amounts to VND250,000,000 per sq. m.; (ii) enquired the purchase price of similar properties in the surrounding area with the property agents, which amounts to an average of VND250,000,000 – VND300,000,000 per sq. m.; and (iii) considered and compared a valuation by an independent valuer of a similar property in the vicinity, which states the property price is VND355,391,000 per sq. m.. As stated above, the Group is able to acquire the Properties at a considerable discount of the indicative market price stated at (i) above, which amounts to VND180,000,000 per sq. m. As such, the Group is able to acquire the Properties at a lower price than the range of prices specified above.

The total contribution to the Properties by the Group is approximately VND69,000,000,000, which will be financed by its internal resources.

REASONS FOR AND BENEFITS OF ENTERING INTO THE INVESTMENT COOPERATION MEMORANDUM

The Properties have a total site area of 1,433.33 sq. m. and are situated in Lot CT02A, Phu Thuong Ward, Tay Ho District, Hanoi which is within the Ciputra Hanoi International City. Ciputra Hanoi International City is a newly established area which is situated at a prime location in Vietnam and is the largest residential development in Hanoi, which includes residential flats, villas, shopping malls, schools and hospitals. The Board is of the view that the area is undergoing rapid development with bright economic prospect. Also, the Group would be acquiring the Properties through the Business Partner, who has extensive experience in the property market in Vietnam. By (i) leveraging on the business network of the Business Partner, (ii) the ability to conduct bulk purchase of the Properties together with the Business Partner, and (iii) acquiring the Properties prior to their public sale, the parties were able to secure the price of the Properties at a considerable discount of the expected market price. In addition, due to legal restrictions in Vietnam, foreign-owned companies cannot directly and on its own name enter into a transaction to acquire land and properties in Vietnam, therefore the Group had to jointly invest in the Properties with the Business Partner. The Group intends to resell the Properties within a short timeframe to gain considerable profits.

The Directors (including the independent non-executive Directors) consider the entering into of the Investment Cooperation Memorandum is in the interests of the Company and the Shareholders as a whole, and the terms thereof are on normal commercial terms, which are fair and reasonable.

INFORMATION ON THE PARTIES

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.

Dinh Duong is a joint stock company incorporated under the laws of Vietnam. It is principally engaged in the sales of motorbikes and development and investment in real estate and as at the date of this announcement, it is owned as to 99.66% and 0.34% by VMEP and two employees of VMEP respectively.

The Business Partner is a Vietnam citizen who has considerable amount of experience in property investment in Vietnam.

Sunshine Developer is a joint stock company incorporated under the laws of Vietnam and is the property developer of the Properties.

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, Business Partner, and Sunshine Developer and its ultimate beneficial owner 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 Dinh Duong to Business Partner for the Property Investment exceed(s) 5% but are all less than 25%, the entering into of the Investment Cooperation Memorandum constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Business Partner”	a Vietnam citizen who is experienced in property investment in Vietnam and who had identified the investment opportunity of the Properties and agreed to jointly invest in the Properties with Dinh Duong pursuant to the Investment Cooperation Memorandum
“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
“Dinh Duong”	Dinh Duong Joint Stock Company, a joint stock company incorporated under the laws of Vietnam and an indirect non-wholly owned subsidiary of the Company

“Director(s)”	the director(s) of the Company
“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
“Investment Cooperation Memorandum”	the investment cooperation memorandum dated 24 October 2019 entered into between Dinh Duong and Business Partner in relation to the acquisition of the Properties
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“Properties”	the plot of land and its associated properties situated at Lot CT02A, Phu Thuong Ward, Tay Ho District, Hanoi which is within Ciputra Hanoi International City with a total site area of 1,433.33 sq. m.
“Property Investment”	the joint investment by Dinh Duong and the Business Partner into the Properties
“Shareholders”	holder(s) of the shares of the Company from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sunshine Developer”	Sunshine E&C Stock Company, a joint stock company incorporated under the laws of Vietnam and the property developer of the Properties
“Vietnam”	Socialist Republic of Vietnam
“VND”	Vietnamese Dong, being the lawful currency of Vietnam
“sq. m.”	square metres
“%”	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 VND into HK\$ is based on the approximate exchange rate of VND10,000 to HK\$3.38. The exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK\$ or VND 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, 24 October 2019

As at the date of this announcement, the Board comprised four executive Directors, namely Mr. Liu Wu Hsiung, Mr. Lin Chih Ming, Mr. Lin Chun Yu and Mr. Chiang Chin Yung, 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.