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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)

**DISCLOSABLE AND CONNECTED TRANSACTION
IN RELATION TO
ACQUISITION OF
SANYANG MOTOR VIETNAM COMPANY LIMITED**

THE SALE AND PURCHASE AGREEMENT

On 26 March 2018 (after trading hours), the Company and SYI, a direct controlling shareholder of the Company, entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to purchase, and SYI has conditionally agreed to sell, the Capital Contribution of Sanyang Motor Vietnam Company Limited for a cash consideration of US\$2,700,000 (equivalent to approximately HK\$21,168,000).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios exceed(s) 5% but is/are all less than 25%, the Acquisition constitutes a disclosable transaction of the Company under Chapter 14 of the Listing Rules.

SYI is a connected person of the Company by virtue of it being a direct controlling shareholder of the Company. Therefore, the Acquisition constitutes a connected transaction of the Company and is subject to the reporting, announcement and independent shareholders' approval requirement under Chapters 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee has been established to advise the Independent Shareholders as to whether the terms of the Acquisition are fair and reasonable, and to advise the Independent Shareholders on how to vote.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Altus Capital Limited has been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Acquisition are fair and reasonable and as to voting at the EGM so far as the Independent Shareholders are concerned.

EGM

The Company will convene an EGM for the Independent Shareholders to consider and, if thought fit, approve the Acquisition. The voting at the EGM will be taken by poll. SYI and its associates will abstain from voting at the EGM on resolutions regarding the Acquisition.

CIRCULAR

A circular containing, among other things, (i) further details of the Acquisition; (ii) a letter from the Independent Board Committee; (iii) a letter from the Independent Financial Adviser; (iv) a notice of the EGM, together with a proxy form is expected to be despatched to the Shareholders on or around 19 April 2018 in accordance with the Listing Rules.

AS COMPLETION IS SUBJECT TO THE CONDITIONS PRECEDENT SET OUT IN THE SALE AND PURCHASE AGREEMENT INCLUDING, AMONG OTHERS, THE APPROVAL OF THE INDEPENDENT SHAREHOLDERS AT THE EGM, THE ACQUISITION MAY OR MAY NOT PROCEED. SHAREHOLDERS AND POTENTIAL INVESTORS SHOULD EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY.

INTRODUCTION

The Board is pleased to announce that on 26 March 2018 (after trading hours), the Company and SYI, a direct controlling shareholder of the Company, entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to purchase, and SYI has conditionally agreed to sell, the Capital Contribution of Sanyang Motor Vietnam Company Limited for a cash consideration of US\$2,700,000 (equivalent to approximately HK\$21,168,000).

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below.

Date

26 March 2018

Parties

- (i) SYI (as vendor); and
- (ii) the Company (as purchaser).

Subject matter

The Company has conditionally agreed to purchase, and SYI has conditionally agreed to sell the Capital Contribution of the Target Company, subject to the terms and conditions of the Sale and Purchase Agreement.

Consideration

The consideration for the Acquisition shall be US\$2,700,000 (equivalent to approximately HK\$21,168,000) which shall be settled by the Company in cash upon Completion.

Basis for determining the consideration

The consideration was determined at arm's length negotiations between SYI and the Company based on the audited net asset value of the Target Company as at 31 December 2017 which was VND61,332,024,383 (equivalent to approximately US\$2,706,582). The Company intends to finance the Acquisition by the internal resources of the Group.

In addition, as at the date of the Sale and Purchase Agreement and immediately before Completion, the Target Company owes an interest-free loan to SYI in an amount of US\$2,000,000. Pursuant to the Sale and Purchase Agreement, the Company shall procure the Target Company to repay the loan to SYI within five business days after Completion. Upon the repayment of the loan, the Target Company will no longer owe any outstanding sums to SYI.

Completion

Completion shall take place on the second business day after all the conditions to the Sale and Purchase Agreement as set out in the paragraph headed "Conditions precedent" below have either been fulfilled or waived (as the case may be), or such other date as may be otherwise agreed by the parties to the Sale and Purchase Agreement.

Conditions precedent

Completion of the Sale and Purchase Agreement is subject to, and conditional upon, the satisfaction (or, if applicable, the waiver) of the following conditions precedent:

- (i) approval having been obtained from the Independent Shareholders at the EGM for approving the Acquisition;
- (ii) the Target Company having obtained all necessary licences, consents or approvals (where applicable) of any of its owners, creditors and/or any other third parties, which are required for the execution and performance of the Sale and Purchase Agreement and the transactions contemplated thereunder and which have not been revoked prior to Completion;
- (iii) SYI having obtained all necessary licences, consents or approvals (where applicable) of any governmental or regulatory bodies which are required for the execution and performance of the Sale and Purchase Agreement and the transactions contemplated hereunder and which have not been revoked prior to Completion;
- (iv) the Company having obtained all necessary licences, consents or approvals (where applicable) of any governmental or regulatory bodies which are required for the execution and performance of the Sale and Purchase Agreement and the transactions contemplated hereunder and which have not been revoked prior to Completion, including but not limited to obtaining approval from the Vietnam Dong Nai Investment Project Office (越南同奈省投資計劃廳) and the Vietnam Dong Nai Industrial District Management Committee (越南同奈省各工業區管理委員會) for the registration of transfer of the Contributed Capital;

- (v) no relevant governmental or regulatory authority or body, court or agency having granted any order or made any decision that restricts or prohibits the implementation of the transactions contemplated under the Sale and Purchase Agreement; and
- (vi) the warranties of SYI remaining true and accurate and not misleading in any material respect if they were repeated at any time prior to Completion by reference to the facts and circumstances then existing.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND PURCHASE AGREEMENT

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. The Group currently has several production facilities in the Dong Nai province in Vietnam. The Target Company owns production plants and processing factories, which manufacture automobiles and their related parts and accessories, and which are located adjacent to one of the existing production plants of the Group within an industrial zone in the Dong Nai province. In view of the accelerating urbanization plans of the government which require the relocation of its existing production facilities in another area in the Dong Nai province, and coupled with the Group's need to expand its production capabilities in the Dong Nai province, the Directors consider that the Acquisition is beneficial to the Group as it allows the Group to acquire the production plant owned by the Target Company which can then be integrated with its adjacent production plants owned by the Group, which creates synergy and economies of scale to the Group.

The Directors (other than the independent non-executive Directors whose views will be set out in the circular to be despatch to the Shareholders) are of the view that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, which have been reached after arm's length negotiations among the parties, are on normal commercial terms or better, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, each of Ms. Wu Li Chu, Mr. Liu Wu Hsiung, Mr. Lu Tien Fu and Mr. Chiu Ying Feng (all being Directors) has a 1.93%, 0.013%, 0.001% and 0.002% interest in Sanyang respectively. Ms. Wu Li Chu is also a director of the Target Company and the deputy vice chairperson of Sanyang and she serves on the board of other subsidiaries of Sanyang. Therefore, pursuant to the articles of association of the Company and the Listing Rules, Ms. Wu Li Chu, Mr. Liu Wu Hsiung, Mr. Lu Tien Fu and Mr. Chiu Ying Feng have abstained from voting on the Board resolutions approving the transactions contemplated under the Sale and Purchase Agreement. Save as mentioned above, no other Directors were in any way materially interested in and therefore have abstained from voting on the Board resolutions approving the transactions contemplated under the Sale and Purchase Agreement.

INFORMATION ON THE COMPANY

The Company is an investment holding company. As mentioned above, 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 SYI

SYI is a company incorporated in Samoa with limited liability and a controlling shareholder of the Company. It is principally engaged in investment holding, including holding interest in the Company and the Target Company.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in Vietnam with limited liability. It is principally engaged in the production and sales of automobiles and small trucks and related parts.

Set up below is the summary of the key financial information of the Target Company based on the audited financial statements of the Target Company for the two years ended 31 December 2017.

	Year ended 31 December 2016 (Audited) VND'000	Year ended 31 December 2017 (Audited) VND'000
Revenue	10,614,755	7,443,001
Net profit/(loss) before taxation	(26,400,540)	(27,694,416)
Net profit/(loss) after taxation	(26,400,540)	(27,694,416)
	As at 31 December 2016 (Audited) VND'000	As at 31 December 2017 (Audited) VND'000
Net assets	89,026,440	61,332,024

The aggregate capital contribution made by SYI in respect of its interest in the Target Company is US\$43,000,000.

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EGM

The Company will convene an EGM for the Independent Shareholders to consider and, if thought fit, approve the Acquisition. The voting at the EGM will be taken by poll. SYI and its associates will abstain from voting at the EGM on resolutions regarding the Acquisition.

CIRCULAR

A circular containing, among other things, (i) further details of the Acquisition; (ii) a letter from the Independent Board Committee; (iii) a letter from the Independent Financial Adviser; (iv) a notice of the EGM, together with a proxy form is expected to be despatched to the Shareholders on or around 19 April 2018 in accordance with the Listing Rules.

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DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Capital Contribution of the Target Company by the Company from SYI in accordance with the terms and conditions of the Sale and Purchase Agreement
“Board”	the board of Directors
“Capital Contribution”	the capital contribution by SYI in the Target Company comprising the entire charter capital of the Target Company
“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

“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting to be held by the Company to consider, and if thought fit, to approve the Acquisition
“Group”	the Company and its subsidiaries immediately prior to Completion
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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 the Acquisition
“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 Acquisition
“Independent Shareholder(s)”	shareholders of the Company other than SYI and its associates and any other Shareholder(s) materially interested in the Acquisition
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“PRC”	the People’s Republic of China, excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan
“Sale and Purchase Agreement”	a sale and purchase agreement dated 26 March 2018 and entered into between SYI (as vendor) and the Company (as purchaser) in connection with the Acquisition
“Sanyang”	Sanyang Motor Co., Limited, a company incorporated in Taiwan and listed on the Taiwan Stock Exchange Corporation, which is the ultimate controlling shareholder of the Company and SYI
“Shareholders”	holder(s) of the shares of the Company from time to time
“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, thus a connected person of the Company
“Target Company”	Sanyang Motor Vietnam Company Limited, a company incorporated in Vietnam with limited liability
“US\$”	United States Dollars, being the lawful currency of the United States
“Vietnam”	Socialist Republic of Vietnam
“VND”	Vietnamese Dong, being the lawful currency of Vietnam
“%”	per cent.

In this announcement, unless the context otherwise requires, the terms “applicable percentage ratio”, “associate(s)”, “close associate(s)”, “connected person(s)”, “connected transaction(s)”, “controlling shareholder(s)”, “subsidiary(ies)” and “substantial shareholder(s)” 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 (i) US\$ into HK\$; and (ii) VND into US\$ is based on the approximate exchange rate of (i) US\$1.00 to HK\$7.84 and (ii) VND10,000 to US\$0.4413. Each of these exchange rates is for the purpose of illustration only and does not constitute a representation that any amounts in HK\$, US\$ 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, 26 March 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.