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)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Financial Highlights：	(expressed in US$ million)		
	2015	**2014**	change
· Total revenue	125.7	177.5	-29%
· Gross profit	9.1	11.9	-24%
· Net loss after tax	(8.0)	(10.4)	+23%
· Loss per share *(US$)*	(0.009)	(0.011)	+18%
· Time deposits, cash and bank balances	102.5	118.2	

The board of directors (the "Board") of Vietnam Manufacturing and Export Processing (Holdings) Limited (the "Company") hereby announces the consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2015 together with the comparative figures for the immediately preceding financial year. The Board does not recommend the payment of a final dividend for the year ended 31 December 2015.

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2015

(*expressed in United States dollars*)

	Note	**2015** *US$*	**2014** *US$*
Revenue	2	125,675,328	177,510,150
Cost of sales		(116,591,874)	(165,615,205)
Gross profit		9,083,454	11,894,945
Other income		511,340	500,422
Distribution costs		(7,173,483)	(11,526,877)
Technology transfer fees		(2,880,912)	(4,157,291)
Administrative expenses		(10,330,238)	(12,017,270)
Other expenses		(225,075)	(234,177)
Results from operating activities		(11,014,914)	(15,540,248)
Finance income		4,989,337	6,093,589
Finance costs		(1,797,981)	(844,008)
Net finance income	3(a)	3,191,356	5,249,581
Share of profit of an associate		60,333	73,750
Loss before taxation	3	(7,763,225)	(10,216,917)
Income tax	4	(261,536)	(165,220)
Loss for the year		(8,024,761)	(10,382,137)
Other comprehensive income for the year (after tax):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		(5,074,094)	(1,295,996)
Total comprehensive income for the year attributable to equity shareholders of the Company		(13,098,855)	(11,678,133)
Loss per share			
-basic and diluted	5	(0.009)	(0.011)

Consolidated Statement of Financial Position
at 31 December 2015

(*expressed in United States dollars*)

	Note	**2015** *US$*	**2014** *US$*
Non-current assets			
Property, plant and equipment	6	18,259,022	22,933,355
Intangible assets		79,668	215,493
Lease prepayments		5,114,868	5,614,457
Interest in an associate		577,189	641,654
Deferred tax assets		774,244	909,691
		24,804,991	30,314,650
Current assets			
Inventories	7	20,649,546	30,093,845
Trade receivables, other receivables and prepayments	8	29,341,932	33,559,317
Time deposits maturing after three months		81,550,559	102,170,248
Cash and cash equivalents		20,988,920	15,985,869
		152,530,957	181,809,279
Current liabilities			
Trade and other payables	9	15,355,074	23,970,608
Bank loans		24,558,291	37,339,313
Current tax payable		53,847	65,198
Provisions		1,018,653	1,307,458
		40,985,865	62,682,577
Net current assets		111,545,092	119,126,702
Total assets less current liabilities		136,350,083	149,441,352
Non-current liabilities			
Deferred tax liabilities		58,766	51,180
Net assets		136,291,317	149,390,172
Capital and reserves			
Share capital		1,162,872	1,162,872
Reserves		135,128,445	148,227,300
Total equity attributable to equity shareholders of the Company		136,291,317	149,390,172

Notes:

1. BASIS OF PREPARATION

The financial information set out in this announcement does not constitute the Group's financial statements for the year ended 31 December 2015, but is derived from these financial statements. The following significant accounting policies have been adopted by the Group in the preparation of these financial statements.

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB"). These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in an associate.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates. The Group has adopted United States dollars as its presentation currency as the directors of the Company consider that presentation of the consolidated financial statements in United States dollars will facilitate analysis of the Group's financial information.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Changes in accounting policies

The IASB has issued a number of new IFRSs and amendments to IFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

– *Annual Improvements to IFRSs 2010-2012 Cycle*
– *Annual Improvements to IFRSs 2011-2013 Cycle*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of other new or amended IFRSs are discussed below:

Annual Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, IAS 24, Related party disclosures has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group's related party disclosures as the Group does not obtain key management personnel services from management entities.

2. REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are manufacturing and sale of motorbikes, related spare parts and engines and provision of motorbike maintenance services.

Revenue represents the sales value of motorbikes, spare parts and engines supplied to customers, and revenue from moulds and repair services. The amount of each significant category of revenue recognised during the year is as follows:

	2015	**2014**
	US$	*US$*
Sales of motorbikes	103,103,364	149,966,313
Sales of spare parts and engines	22,510,704	27,441,707
Revenue from moulds and repair services	61,260	102,130
	125,675,328	177,510,150

The Group's customer base is diversified and there is no customer with whom transactions have exceeded 10% of the Group's revenue.

Further details regarding the Group's principal activities are disclosed below:

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. 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 presented the following three reportable segments.

- Manufacturing and sale of motorbikes: the Group's principal products are motorbikes manufactured primarily for the Vietnamese market. The Group also exports motorbikes to other countries including Malaysia, the Philippines, Thailand, Brunei and Singapore.
- Manufacturing and sale of spare parts and engines: the Group manufactures engines for use in the Group's motorbikes, while the Group also exports engines to third parties. The Group manufactures parts for use in repair servicing and product assembly.
- Moulds and repair services: the Group manufactures and maintains moulds used for making metal parts, for example, by die casting and pressing. The majority of the Group's moulds are specially made for internal use, producing parts for the Group's products. The Group also manufactures a small number of moulds for external sale to its domestic suppliers and to domestic manufacturers unrelated to the production of parts for the Group's products.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of interest in an associate, deferred tax assets, time deposits maturing after three months, cash and cash equivalents and other corporate assets. Segment liabilities include provisions, trade and other payables attributable to the manufacturing and sales activities of the individual segments with the exception of interest-bearing borrowings, current tax payable, deferred tax liabilities and other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "adjusted EBIT" i.e. "adjusted earnings 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 profits of an associate and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBIT, management is provided with segment information concerning revenue (including inter segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2015 and 2014 is set out below.

	Year ended 31 December 2015			
	Manufacturing and sale of motorbikes	**Manufacturing and sale of spare parts and engines**	**Moulds and repair services**	**Total**
	US$	*US$*	*US$*	*US$*
Revenue from external customers	103,103,364	22,510,704	61,260	125,675,328
Inter-segment revenue	-	38,810,864	921,834	39,732,698
Reportable segment revenue	103,103,364	61,321,568	983,094	165,408,026
Reportable segment (loss)/ profit("adjusted EBIT")	(7,472,190)	(1,456,687)	(18,659)	(8,947,536)
Interest income	2,253,684	1,905,238	80,538	4,239,460
Interest expenses	(647,350)	(336,882)	-	(984,232)
Depreciation and amortisation	(2,825,317)	(1,967,879)	(87,451)	(4,880,647)
Reportable segment assets	47,252,138	24,327,639	1,479,592	73,059,369
Reportable segment liabilities	1,944,033	13,661,939	186,568	15,792,540

	Year ended 31 December 2014			
	Manufacturing and sale of motorbikes	Manufacturing and sale of spare parts and engines	Moulds and repair services	Total
	US$	*US$*	*US$*	*US$*
Revenue from external customers	149,966,313	27,441,707	102,130	177,510,150
Inter-segment revenue	-	57,671,573	1,352,258	59,023,831
Reportable segment revenue	149,966,313	85,113,280	1,454,388	236,533,981
Reportable segment (loss)/ profit("adjusted EBIT")	(9,681,416)	(3,534,646)	70,082	(13,145,980)
Interest income	4,440,028	619,762	106,883	5,166,673
Interest expenses	(736,730)	(104,657)	(2,621)	(844,008)
Depreciation and amortisation	(4,774,207)	(1,330,243)	(86,833)	(6,191,283)
Reportable segment assets	58,779,031	33,877,735	1,289,833	93,946,599
Reportable segment liabilities	9,626,922	17,859,251	147,887	27,634,060

(ii) Reconciliation of reportable segment revenues, profit or loss, assets and liabilities

	2015	2014
	US$	*US$*
Revenue		
Reportable segment revenue	165,408,026	236,533,981
Elimination of inter-segment revenue	(39,732,698)	(59,023,831)
Consolidated revenue	125,675,328	177,510,150
Loss		
Reportable segment loss	(8,947,536)	(13,145,980)
Elimination of inter-segment profits	-	-
Reportable segment loss derived from Group's external customers	(8,947,536)	(13,145,980)
Share of profit of an associate	60,333	73,750
Net finance income	3,191,356	5,249,581
Unallocated corporate expenses	(2,067,378)	(2,394,268)
Consolidated loss before taxation	(7,763,225)	(10,216,917)

	At 31 December 2015 *US$*	At 31 December 2014 *US$*
Assets		
Reportable segment assets	73,059,369	93,946,599
Elimination of inter-segment receivables	-	(2,719,952)
	73,059,369	91,226,647
Interest in an associate	577,189	641,654
Time deposits maturing after three months	81,550,559	102,170,248
Deferred tax assets	774,244	909,691
Cash and cash equivalents	20,988,920	15,985,869
Unallocated corporate assets	385,667	1,189,820
Consolidated total assets	177,335,948	212,123,929
Liabilities		
Reportable segment liabilities	15,792,540	27,634,060
Elimination of inter-segment payables	-	(2,833,302)
	15,792,540	24,800,758
Bank loans	24,558,291	37,339,313
Current tax payable	53,847	65,198
Deferred tax liabilities	58,766	51,180
Unallocated corporate liabilities	581,187	477,308
Consolidated total liabilities	41,044,631	62,733,757

(iii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, intangible assets and lease prepayments ("specified non-current assets"). The geographical location of customers is based on the location at which the goods were delivered to or the services were provided. The geographical location of the specified non-current assets is based on the physical location of the asset.

	Revenues from external customer		**Specified assets**	
	2015 *US$*	*2014* *US$*	*2015* *US$*	*2014* *US$*
Vietnam (place of domicile)	59,235,129	80,155,614	23,452,095	28,761,964
Malaysia	37,336,101	66,951,799	-	-
The Philippines	27,415,668	27,426,387	-	-
Singapore	595,534	853,240	-	-
Indonesia	693,626	375,741	-	-
Thailand	286,879	946,390	-	-
Other countries*	112,391	800,979	1,463	1,341
	125,675,328	177,510,150	23,453,558	28,763,305

* Other countries mainly consist of Myanmar, Brunei and Taiwan.

3. LOSS BEFORE TAXATION

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

(a) Net finance income

	2015	2014
	US$	*US$*
Interest income from banks	4,989,337	5,915,786
Net foreign exchange gain	-	177,803
Finance income	4,989,337	6,093,589
Interest paid and payable to banks	(984,232)	(844,008)
Net foreign exchange loss	(813,749)	-
Finance costs	(1,797,981)	(844,008)
	3,191,356	5,249,581

(b) Staff costs

	2015	2014
Contributions to defined contribution retirement plans	911,513	977,553
Severance pay allowance	28,096	59,814
Salaries, wages and other benefits	9,787,865	11,360,909
	10,727,474	12,398,276

(c) Other items

	2015	2014
Amortisation of lease prepayments/ intangible assets	359,400	525,220
Depreciation of property, plant and equipment	4,521,247	5,666,063
Write-down of inventories	445,738	821,859
Impairment losses on property, plant and equipment	1,494,806	-
Net loss/(gain) on disposal and write off of property, plant and equipment	138,110	(163,554)
Operating lease charges: minimum lease payments in respect of property rentals	606,795	1,068,176
Auditors' remuneration	357,596	404,276
Research and development expenses *(i)*	7,804,437	9,823,393
Cost of inventories *(ii)*	106,587,223	140,652,333

(i) Research and development expenses include amounts relating to technology transfer fee, staff costs, depreciation and amortisation expenses, rental expense of properties and other miscellaneous expenses, which are also included in the respective total amounts disclosed separately above or in Note 3(b) for each of these types of expenses. No development expenditure was capitalised during the year ended 31 December 2015 (2014: US$Nil).

(ii) Cost of inventories includes amounts relating to staff costs, depreciation and amortisation expenses and rental expense of properties, which are also included in the respective total amounts disclosed separately above or in Note 3(b) for each of these types of expenses.

4. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2015	2014
	US$	*US$*
Current tax		
Provision for the year	148,842	176,881
Under-provision in respect of prior years	11,260	15,923
	160,102	192,804
Deferred tax		
Origination and reversal of temporary differences	101,434	(27,584)
	261,536	165,220

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 year ended 31 December 2015 and 2014.

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 Limited 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 25%.

In accordance with the Law of Foreign Investment of 1996, as amended in 2000, the Investment Law of 2006, and the Law on Corporate Income Tax of 2003 in Vietnam, the applicable tax rate for Duc Phat Molds Inc. is 25% from 2013 onwards.

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.

On 19 June 2013, the National Assembly in Vietnam approved the Law on amendments and supplements to a number of articles of the Corporate Income Tax Law. Accordingly, the highest income tax rate shall be reduced from 25% to 22% for 2015, and to 20% from 2016.

In accordance with the Corporate Income Tax Law of Taiwan, as amended in 2010, the applicable tax rate for Chin Zong Trading Co., Ltd is 17% of the taxable profit if total taxable profit is above New Taiwan Dollar ("NT$") 120,000. Income tax is exempted if the taxable profit is below NT$ 120,000.

5. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss for the year of US$8,024,761 (2014: US$10,382,137) and the weighted average of 907,680,000 ordinary shares (2014: 907,680,000 ordinary shares) in issue during the year.

(b) Diluted loss per share

The amount of diluted loss per share is the same as the basic loss per share for the year ended 31 December 2015 (2014: same) as there were no dilutive potential ordinary shares during the years ended 31 December 2015 and 2014. since all outstanding share options were anti-dilutive during the year ended 31 December 2014.

6. PROPERTY, PLANT AND EQUIPMENT

	Buildings held for own use carried at cost	Machinery, moulds and equipment	Office equipment, furniture and fittings	Electrical, water and utility systems	Motor vehicles	Assets under construction	Total
	US$	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*
Cost							
At 1 January 2014	15,078,638	72,456,094	1,863,101	7,122,855	1,464,955	212,766	98,198,409
Additions	34,196	2,576,107	15,939	-	40,487	932,532	3,599,261
Transfer from assets under construction	-	380,060	-	-	-	(380,060)	-
Disposals	(11,668)	(103,340)	(10,856)	-	(394,588)	-	(520,452)
Written off	-	(1,628,130)	(13,140)	-	(20,027)	-	(1,661,297)
Exchange adjustments	(230,914)	(762,413)	(21,944)	(80,032)	(13,290)	(7,072)	(1,115,665)
At 31 December 2014	14,870,252	72,918,378	1,833,100	7,042,823	1,077,537	758,166	98,500,256
At 1 January 2015	14,870,252	72,918,378	1,833,100	7,042,823	1,077,537	758,166	98,500,256
Additions	4,581	1,930,643	37,557	23,989	-	775,378	2,772,148
Transfer from assets under construction	-	558,068	-	-	-	(558,068)	-
Transfer to short-term prepayment	-	-	-	-	-	(205,875)	(205,875)
Reclassification	-	(632,752)	-	630,247	2,505	-	-
Disposals	(2,989)	(235,209)	(4,220)	(815)	(57,455)	-	(300,688)
Written off	(221,238)	(569,951)	(345,299)	(81,016)	(80,038)	(116,173)	(1,413,715)
Exchange adjustments	(717,681)	(3,560,952)	(157,042)	(278,949)	(49,672)	(34,758)	(4,799,054)
At 31 December 2015	13,932,925	70,408,225	1,364,096	7,336,279	892,877	618,670	94,553,072
Accumulated depreciation							
At 1 January 2014	6,557,518	59,067,099	1,469,865	4,895,317	893,809	-	72,883,608
Charge for the year	576,139	4,451,592	176,030	323,176	139,126	-	5,666,063
Written back on disposals	(11,668)	(103,340)	(7,295)	-	(357,743)	-	(480,046)
Written off	-	(1,627,744)	(16,046)	-	(9,858)	-	(1,653,648)
Exchange adjustments	(78,463)	(686,728)	(18,037)	(57,742)	(8,106)	-	(849,076)
At 31 December 2014	7,043,526	61,100,879	1,604,517	5,160,751	657,228	-	75,566,901
At 1 January 2015	7,043,526	61,100,879	1,604,517	5,160,751	657,228	-	75,566,901
Charge for the year	555,612	3,354,769	156,631	328,964	125,271	-	4,521,247
Impairment loss	-	1,187,510	-	-	-	307,296	1,494,806
Reclassification	(66,603)	(465,339)	(76,083)	607,321	704	-	-
Exchange adjustments	(347,079)	(3,007,923)	(72,597)	(267,342)	(31,962)	-	(3,726,903)
Written back on disposals	(2,883)	(235,209)	(3,669)	(555)	(45,778)	-	(288,094)
Written off	(201,355)	(569,951)	(345,299)	(79,768)	(77,534)	-	(1,273,907)
At 31 December 2015	6,981,218	61,364,736	1,263,500	5,749,371	627,929	307,296	76,294,050
Net book value							
At 31 December 2015	6,951,707	9,043,489	100,596	1,586,908	264,948	311,374	18,259,022
At 31 December 2014	7,826,726	11,817,499	228,583	1,882,072	420,309	758,166	22,933,355

7. INVENTORIES

(a) Inventories in the statement of financial position comprise:

	2015	**2014**
	US$	*US$*
Raw materials	14,560,937	22,973,258
Tools and supplies	456,626	462,920
Work in progress	986,683	858,317
Finished goods	3,158,580	3,432,798
Merchandise inventories*	3,053,364	3,701,126
	22,216,190	31,428,419
Provision for write down of inventories	(1,566,644)	(1,334,574)
Net realisable value	20,649,546	30,093,845

* *Merchandise inventories mainly represent spare parts kept for repairs and maintenance.*

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2015	**2014**
	US$	*US$*
Carrying amount of inventories sold	106,587,223	140,652,333
Write down of inventories	445,738	821,859
	107,032,961	141,474,192

(c) Movements in provision for write down of inventories were as follows:

At 1 January	1,334,574	826,897
Additions	445,738	821,859
Utilisation	(142,937)	(300,473)
Exchange adjustments	(70,731)	(13,709)
At 31 December	1,566,644	1,334,574

8. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	2015	**2014**
	US$	*US$*
Trade receivables	7,968,784	13,560,182
Non-trade receivables	18,363,761	16,180,287
Prepayments	2,231,285	2,525,956
Amounts due from related parties		
- trade	280,522	959,584
- non-trade	497,580	333,308
	29,341,932	33,559,317

(i) Trade receivables

All of the trade receivables (including trade receivables due from related parties) are expected to be recovered within one year. The Group generally offers no credit terms to domestic customers, while overseas customers are generally granted credit terms ranging from 30 days to 60 days.

As of the end of the reporting period, the aging analysis of trade receivables, based on the invoice date (or date of revenue recognition, if earlier) and net of allowance for doubtful debts, is as follows:

	2015	**2014**
	US$	*US$*
Within 3 months	8,249,306	14,244,400
More than 3 months but within 1 year	-	272,283
More than 1 year	-	3,083
	8,249,306	14,519,766

9. TRADE AND OTHER PAYABLES

	2015	2014
	US$	*US$*
Trade payables	6,647,702	10,793,326
Other payables and accrued operating expenses	4,912,858	6,985,286
Receipts in advance from customers	123,455	1,085,283
Amounts due to related parties		
- trade	1,569,945	2,878,562
- non-trade	2,101,114	2,228,151
	15,355,074	23,970,608

(i) Trade payables

As of the end of the reporting period, the aging analysis of trade payables of the Group (including trade payables due to related parties), based on the invoice date, is as follows:

	2015	2014
	US$	*US$*
Within 3 months	8,161,844	13,617,625
More than 3 months but within 1 year	46,994	54,263
More than 1 year but within 5 years	8,809	-
	8,217,647	13,671,888

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is one of the leading manufacturers of scooters and cub motorbikes in Vietnam, its manufacturing and assembly operations are located in Dong Nai Province (near Ho Chi Minh City) and Hanoi in Vietnam. The Group offers a wide range of motorbikes models which are sold under the SYM brand name. It also produces motorbike engines and parts for its own manufacturing use as well as for sale and export, and provides services associated with moulds to make die-cast and forged metal parts.

Operating Environment

Vietnam's economy has obviously improved in 2015, with a gross domestic product ("GDP") growth rate of 6.7%, higher than the government's target of 6.2% for the year 2015. The growth of GDP was mainly due to a record-high amount for foreign direct investment ("FDI") of US$14.5 billion, an increase of 17% as compared to year 2014.. The State Bank of Vietnam devalued the Vietnamese Dong three times during the year 2015 to boost export sales after China devalued the value of Renminbi, leading to a depreciation of most Asian currencies. Vietnam's economy has been improving while export sales increased by 8% and import sales climbed 12% for the year 2015. Inflation was kept at 0.6%, the lowest level since 2001 which was below the Vietnam's central bank's target of 5% for 2015. Total retail sales of consumer goods increased about 11%, which is the highest in the past five years. Vietnam has managed to stabilize the macro-economy and control inflation at a low level during the year 2015.

Vietnam has the highest usage of motorbikes among other countries in the world, many FDI manufacturers have extended investment to raise their market shares in the Vietnam's motorbike industry for the last several years. However, these FDI manufacturers have faced challenges because of the motorbike market's saturation with supply far exceeding demand and the government's policy of limiting private vehicles to ease overloaded traffic infrastructure.

According to statistics from the Vietnam Association of Motorcycle Manufacturers, total sales of the 5 largest FDI motorbike manufacturers in Vietnam reached 2.85 million units in 2015, slightly increased by 5% compared to 2014. The Group ranked third in the Vietnam's motorbike market, after the Japanese brands Honda and Yamaha, reached a sale of approximately 59,500 units in 2015, accounted for 2.1% of the total market share. Sales of SYM-branded cubs had a slight decrease with a total 48,000 units (compared to 49,100 units in 2014), a significant decline of the scooters with 11,500 units sold (compared to 25,500 units in 2014). Leading SYM's best-selling list was the cub model Elegant with 28,700 units sold, divided equally among the 100cc and the 50cc version. Scooter model Attila (mainly the Elizabeth EFI and Venus versions) with over 11,500 units sold in 2015. The 2 cub models Angela and Galaxy achieved sales of 12,700 and 6,600 units respectively in 2015.

Business Review

Despite the continued instability of the Vietnamese economy and the fierce competitions in the motorbike industry, the Group adopted ongoing strategies on the cost reduction and efficiency enhancement, research and development, expansion of overseas markets during the year 2015. The Group strived to improve its operational efficiency and implemented cost control in order to minimise the negative impacts arising from the decrease of consumer spending in Vietnam. The Group continued to introduce electronic fuel injection technology features to enhance the quality and upgrade scooter models such as ATTILA-VENUS and ELIZABETH.

The revenue of the Group for the year ended 31 December 2015 decreased 29% to US$125.7 million from US$177.5 million of the previous year, the decline was due to a slowdown of the Vietnamese economy (i.e. compared to the level of double-digit GDP growth before the global financial crisis) and decrease in domestic spendings in Vietnam and ASEAN countries during the year 2015. The Group sold an aggregate of approximately 59,500 units (which comprised of approximately 11,500 units of scooters and 48,000 units of cubs respectively) in Vietnam during the year, representing a decrease of 20% from the previous year. The Group sold an aggregate of approximately 105,000 units of scooters and cubs and exported to ASEAN countries, representing a decrease of 32% from the previous year. In particular, there has been a sharp fall in motorbike sales in Malaysia as the Malaysian government imposed 6% of goods and services tax in the second quarter of 2015.

As of 31 December 2015, the Group's extensive distribution network comprised over 189 SYM-authorised stores owned by dealers, covering every province in Vietnam.

Financial Review

The Group recorded a net loss of US$8.0 million for the year ended 31 December 2015 as compared to a net loss of US$10.4 million for the year ended 31 December 2014, which reflected the challenging operating environment for the motorbike industry. Further analysis on the operating results of the Group is set out below.

Revenue

Revenue of the Group for the year ended 31 December 2015 decreased to US$125.7 million from US$177.5 million for the year ended 31 December 2014, representing a decrease of US$51.8 million or 29%. Such decrease was attributed to drop in sales volume of motorbikes in Vietnam and ASEAN countries due to slowdown of the economy and domestic spendings during the year. The Group's overall sales volume of all motorbikes and those of scooters in Vietnam decreased by 20% and 53% over the comparative periods, respectively. The poor financial performance was attributed to a significant drop of sales volume of scooters in Vietnam which were the Group's major profit driver during 2015. The principal scooter models include ATTILA-V, VENUS and ELIZABETH, and cub models of ELEGANT, GALAXY and ANGELA.

In terms of geographical contribution, approximately 47% of total revenue was generated from the domestic market in Vietnam for the year ended 31 December 2015 as compared with 45% for the year ended 31 December 2014. Domestic sales in Vietnam decreased by 26% from US$80.2 million for the year ended 31 December 2014 to US$59.2 million for the year ended 31 December 2015. Export sales to ASEAN markets decreased by 32% from US$97.4 million for the year ended 31 December 2014 to US$66.4 million for the year ended 31 December 2015. The number of engines exported decreased from approximately 34,600 units for the year ended 31 December 2014 to approximately 23,800 units for the year ended 31 December 2015.

Cost of Sales

The Group's cost of sales decreased by 30%, from US$165.6 million for the year ended 31 December 2014 to US$116.6 million for the year ended 31 December 2015. Such decrease was mainly attributed to the drop of sales volume in Vietnam and ASEAN countries, also resulting from cost reduction arising from expanding procurement sources for materials and components, and effort to enhance cost effectiveness. As a percentage of total revenue, the Group's cost of sales remained at 93% for the year ended 31 December 2015, same as last year.

Gross Profit and Gross Profit Margin

The gross profit of the Group decreased by 24%, from US$11.9 million for the year ended 31 December 2014 to US$9.1 million for the year ended 31 December 2015. The Group's gross profit margin remained stable at 7% for the year ended 31 December 2015, same as the comparative period.

Distribution Expenses

The Group's distribution expenses decreased by 38% from US$11.5 million for the year ended 31 December 2014 to US$7.2 million for the year ended 31 December 2015. Such decrease was mainly due to the decreases in warranty of the motorbikes, sales incentives and supporting fees paid to distributors and advertising expenses for promotion.

Technology Transfer Fees

The technology transfer fees decreased by 31%, from US$4.2 million for the year ended 31 December 2014 to US$2.9 million for the year ended 31 December 2015, resulting from a decrease in the sales of SYM-branded motorbikes in Vietnam and ASEAN countries.

Administrative Expenses

The Group's administrative expenses decreased 14% from US$12.0 million for the year ended 31 December 2014 to US$10.3 million for the year ended 31 December 2015, which account for 8% of the Group's total revenue for the year ended 31 December 2015. The decrease was principally due to the decrease in research and development expenses and other operating costs, and effort to boost operation efficiency and strengthen cost control.

Results from Operating Activities

As a result of the factors discussed above, the Group's results from operating activities improved by 27%, from a loss of US$15.5 million for the year ended 31 December 2014 to a loss of US$11.0 million for the year ended 31 December 2015.

Net Financial Income

The Group's net finance income decreased by 39%, from US$5.2 million for the year ended 31 December 2014 to US$3.2 million for the year ended 31 December 2015. Such decrease was mainly attributable to a decrease in interest income by US$0.9 million and an increase of bank interest expenses of US$0.1 million. Foreign exchange loss arising from the fluctuation of the Vietnamese Dong against the US Dollar for the year ended 31 December 2015 amounted to US$0.8 million as compared to a foreign exchange gain of US$0.2 million for the year ended 31 December 2014.

Loss for the year and Margin

As a result of the factors discussed above, the Group's net loss for the year ended 31 December 2015 amounted to US$8.0 million, a decrease of 23% as compared to a loss of US$10.4 million for the year ended 31 December 2014. However, the Group's net loss margin worsened from 5.8% for the year ended 31 December 2014 to 6.4% for year ended 31 December 2015.

Liquidity and Financial Resources

As at 31 December 2015, the Group's net current assets amounted to US$111.5 million (31 December 2014: US$119.1 million) which consisted of current assets of US$152.5 million (31 December 2014: US$181.8 million) and current liabilities of US$41.0 million (31 December 2014: US$62.7 million).

As at 31 December 2015, the bank loans repayable within one year was US$24.6 million, including US$19.3 million denominated in US$ and US$5.3 million denominated in Vietnamese Dong (31 December 2014: US$37.3 million, including US$28.4 million denominated in US$ and US$8.9 million denominated in Vietnamese Dong). As at 31 December 2015, the Group had no bank loans repayable beyond one year (31 December 2014: Nil). As at 31 December 2015, the gearing ratio was 18% (31 December 2014: 25%) calculated by dividing total bank loans by total equity.

As at 31 December 2015, the cash and bank balances (including bank deposits), amounted to US$102.5 million, which mainly included US$57.6 million denominated in Vietnamese Dong, US$27.2 million denominated in US$ and US$17.7 million denominated in Renminbi ("RMB") (31 December 2014: US$118.2 million, which mainly included US$72.5 million denominated in Vietnamese Dong, US$28.2 million denominated in US$, US$17.1 million denominated in RMB and US$0.4 million denominated in NT$ and Hong Kong Dollar).

As at 31 December 2015, the Group had no investment (31 December 2014:Nil).

The Board is of the opinion that the Group is in a healthy liquidity position and, after due and careful enquiry, it has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this announcement and for its foreseeable capital expenditure.

Exposure to Foreign Exchange Risk

There have been no significant changes in the Group's policy in terms of exchange rate exposure. Transactions of the Group are mainly denominated in Vietnamese Dong or US Dollar. The Group was not exposed to material exchange rate risk and had not employed any financial instruments for hedging purposes. 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, US Dollar and RMB.

Capital Commitments and Contingent Liabilities

The Group had no material capital commitments and contingent liabilities as at 31 December 2015.

Human Resources and Remuneration Policies

The Group currently offers competitive remuneration packages to its staff in Vietnam, Taiwan and Hong Kong, and regularly reviews its remuneration packages in light of the overall development of the Group. The Group's remuneration packages include basic salaries, bonuses, quality staff living quarters, training and development opportunities, medical benefits, an insurance plan and retirement benefits. As at 31 December 2015, the Group had 1,578 employees (2014: 1,833). The total amount of salaries and related costs for the year ended 31 December 2015 amounted to US$10.7 million (2014: US$12.4 million).

Prospects

The Vietnamese government estimated the Vietnamese economy will expand at a steady economic growth rate at 6.7 % in 2016, being the one of the fastest-growing markets in the world while a slow growth is expected for other emerging economies including China. The steady growth rate of Vietnamese economy is very important in the coming years when facing falling oil prices and instabilities in the international financial markets. As the country begins a leadership transition, the steady growth of economy will set the tone for economic reform and growth. The Vietnam's communist party's draft socio-economic plan for the years 2016 to 2020 shows that the nation will target as much as 7% of average annual expansion. The Vietnam central bank's recent effort to make the exchange rate more flexible will also strengthen the macro-economic stability and help ease pressure on reserves. It is also expected that the rising domestic demand and booming foreign direct investment will help the nation cope with global threats that may lead to a wave of stock selling and currency depreciation in the forthcoming year.

Vietnam is now a party to the recently signed Trans-Pacific Strategic Economic Partnership Agreement (TPP), the world's largest free trade agreement amongst 12 nations, including the United States and Japan. The World Bank said in a recent report that the TPP expected to generate considerable benefits for Vietnam, yet many financial analysts still expected that the Vietnam's economic performance will be vulnerable to the nation's high public debts, inefficient operation of huge state-owned enterprises and severe corruption problem in the country.

Vietnam's motorbike market will continue to face many difficulties, challenges and tough competition in the year of 2016. In order to cope with the challenging operating environment, the Group plans to focus on product innovation as its expansion strategy. The Group continues to strengthen its development capabilities in product design and core technologies to introduce more innovative products to meet market demands and consumer preferences. Notwithstanding the Group's good relationship with distributors, research and development and production capabilities developed over the years, and distribution supply chain advantages, the Group's innovative business plan takes time to yield its results. On the production side, the Group will continue to enhance the efficiency and effectiveness of its manufacturing processes. Prudent cost control measures will be implemented in all production plants. The Group will continue to upgrade its production capabilities and product quality in order to keep up with customer demands and achieve higher customer satisfaction.

The Group plans to introduce six completely new or modify motorbike series in Vietnam including "Shark Mini", "16 inches Flagship Motion" and brand new 125cc motors to raise product prices and profitability in 2016. The Group also targets to launch more high value motorbike models to expand its market share in ASEAN motorbike markets in 2016, particularly in Malaysia and the Philippines, and also to boost profit margins on the expanded export sales.

In addition, the Group is constantly looking for opportunities to enhance financial performance and long-term profitability and maximise returns to the shareholders of the Company.

APPLICATION OF IPO PROCEEDS

The proceeds from the issuance of new shares in the IPO by the Company in December 2007, net of listing expenses, were approximately US$76.7 million. As at 31 December 2015, the net proceeds were utilized in the following manner:

	Per Prospectus US$' million	Amount Utilized US$' million	Balance as at 31 December 2015 US$' million
Construction of research and development centre in Vietnam	15.0	11.7	3.3
Expanding distribution channels in Vietnam, of which:			
– Upgrading of existing facilities	4.0	4.0	–
– Establishing of new facilities	46.0	1.9	44.1
Mergers and acquisitions	9.0	1.7	7.3
General working capital	2.7	2.7	–
Total	76.7	22.0	54.7

The remaining balance was placed as deposits with several reputable financial institutions. For further details, please see the paragraph above headed "Liquidity and Financial Resources".

CORPORATE GOVERNANCE PRACTICES

During the financial year ended 31 December 2015, the Company has complied with the applicable code provisions as set out in the Code on Corporate Governance Practice ("the Code") in Appendix 14 to The Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") at the relevant times, except for the following deviation:

Paragraph A.5 of the Code provides that an issuer should establish a nomination committee with specific written terms of reference for the following duties: (i) review the structure, size and composition of the Board, (ii) select and nominate individuals to be appointed as directors, (iii) assess the independence of independent non-executive directors, and (iv) make recommendation to the Board on the appointment or reappointment of directors and succession planning for directors. The Company has not set up a nomination committee as all major decisions regarding the Board composition and its members are made in consultation with the Board in which all directors of the Company will participate in the process and perform the duties of a nomination committee as contemplated in the Code. The Board considers that it is not necessary to establish a nomination committee given that the current arrangements meet the objective of the Code.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct in respect of transactions in securities of the Company by the Directors. Having made specific enquiry, the Company confirms that the Directors have complied with the required standard set out in the Model Code for the financial year ended 31 December 2015.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The annual results for the year ended 31 December 2015 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.

SCOPE OF WORK OF THE GROUP'S AUDITORS

The financial information included in this announcement of our Group's results for the year ended 31 December 2015 has been agreed by our Group's auditor, KPMG, to the amount set out in our Group's draft consolidated financial statements for the year ended 31 December 2015. The work performed by KPMG in this respect did not constitute an assurance engagement in accordance with the Hong Kong Standards on Auditing, the Hong Kong Standards on Review Engagements, or the Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by KPMG on this announcement.

ANNUAL GENERAL MEETING AND BOOK CLOSURE FOR ENTITLEMENT OF ATTENDING THE MEETING

It is proposed that an annual general meeting will be held on 16 June 2016. Notice of the annual general meeting will be published and issued to the Shareholders in due course. For determining the entitlement to attend and vote in the annual general meeting, the register of members of the Company will be closed from 13 June 2016 to 16 June 2016 (both days inclusive) during which period no transfer of shares of the Company will be registered. In order to qualify for the attendance of the annual general meeting, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30p.m. on 12 June 2016.

PROPOSED FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2015.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the year ended 31 December 2015, there was no purchase, sale or redemption made by the Company, or any of its subsidiaries, of the shares of the Company.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and on the Company's website at www.vmeph.com. The annual report 2015 of the Company will also be published on the aforesaid websites in due course.

OUR APPRECIATION

Finally, we would like to express our gratitude to the Shareholders and the suppliers and customers of the Group for their unwavering support. We would also like to thank our dedicated staff for their contributions to the success of the Group.

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

Hong Kong, 24 March 2016

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