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 2013

Financial Highlights： **(expressed in US$ million)**

	2013	2012	change
· Total revenue	172.7	204.3	-16%
· Gross profit	13.4	22.3	-40%
· Net (loss)/ profit after tax	(9.5)	0.7	-1380%
· Earnings per share *(US$)*	(0.010)	0.001	-1380%
· Time deposits, cash and bank balances	114.4	120.3	

The board of directors (the "Board") of Vietnam Manufacturing and Export Processing (Holdings) Limited (the "Company") hereby announces the audited consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2013 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 2013.

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2013

(expressed in United States dollars)

	Note	2013 US$	2012 US$
Revenue	2	172,666,981	204,343,764
Cost of sales		(159,271,084)	(181,999,409)
Gross profit		13,395,897	22,344,355
Other income		823,791	385,916
Distribution costs		(13,615,799)	(14,279,677)
Technology transfer fees		(3,657,862)	(4,518,351)
Administrative expenses		(12,229,406)	(11,136,074)
Other expenses		(54,451)	(227,262)
Results from operating activities		(15,337,830)	(7,431,093)
Finance income		7,072,298	8,590,132
Finance costs		(552,553)	(8,434)
Net finance income	3 (a)	6,519,745	8,581,698
Share of profit of an associate, net of tax		46,085	53,588
(Loss)/profit before taxation	3	(8,772,000)	1,204,193
Income tax	4	(757,779)	(459,422)
(Loss)/profit for the year		(9,529,779)	744,771
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		(1,304,212)	912,305
Total comprehensive income for the year attributable to equity shareholders of the Company		(10,833,991)	1,657,076
Earnings per share			
- basic and diluted	5	(0.010)	0.001

Consolidated Statement of Financial Position
at 31 December 2013
(expressed in United States dollars)

	Note	2013 *US$*	2012 *US$*
Non-current assets			
Property, plant and equipment	6	25,314,801	29,395,797
Intangible assets		370,887	239,934
Lease prepayments		6,047,579	6,393,964
Interest in an associate		622,018	677,338
Deferred tax assets		838,615	734,143
		33,193,900	37,441,176
Current assets			
Inventories	7	32,046,486	31,943,920
Trade receivables, other receivables and prepayments	8	27,695,187	16,359,364
Current tax recoverable		11,241	11,082
Investment		3,000,000	3,000,000
Derivatives		106,994	95,496
Time deposits maturing after three months		91,637,347	65,425,866
Cash and cash equivalents		22,741,624	54,885,605
		177,238,879	171,721,333
Current liabilities			
Trade and other payables	9	26,432,795	34,828,939
Bank loans		21,313,260	-
Current tax payable		104,842	625,716
Provisions		1,513,577	1,785,268
		49,364,474	37,239,923
Net current assets		127,874,405	134,481,410
Total assets less current liabilities		161,068,305	171,922,586
Non-current liabilities			
Other payables		-	20,290
Net assets		161,068,305	171,902,296
Capital and reserves			
Share capital		1,162,872	1,162,872
Reserves		159,905,433	170,739,424
Total equity attributable to equity shareholders of the Company		161,068,305	171,902,296

Notes to the Consolidated Financial Statements

1. BASIS OF PREPARATION

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 2013 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 except that derivative financial instruments are stated at their fair value as explained in the accounting policy.

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:

− Amendments to IAS 1, *Presentation of financial statements - Presentation of items of other comprehensive income*
− IFRS 10, *Consolidated financial statements*
− IFRS 12, *Disclosure of interests in other entities*
− IFRS 13, *Fair value measurement*

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:

Amendments to IAS 1, Presentation of financial statements – Presentation of items of other comprehensive income

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of profit or loss and other comprehensive income in these financial statements has been modified accordingly. In addition, the Group has chosen to use the new title "statement of profit or loss and other comprehensive income" as introduced by the amendments in these financial statements.

IFRS 10, Consolidated financial statements

IFRS 10 replaces the requirements in IAS 27, *Consolidated and separate financial statements* relating to the preparation of consolidated financial statements and I-SIC 12 *Consolidation – Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of IFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

IFRS 12, Disclosure of interests in other entities

IFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries and associates. The disclosures required by IFRS 12 are generally more extensive than those previously required by the respective standards.

IFRS 13, Fair value measurement

IFRS 13 replaces existing guidance in individual IFRSs with a single source of fair value measurement guidance. IFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. The adoption of IFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

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:

	2013	**2012**
	US$	*US$*
Sales of motorbikes	142,921,920	174,359,604
Sales of spare parts and engines	29,546,233	29,743,130
Revenue from moulds and repair services	198,828	241,030
	172,666,981	204,343,764

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, 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, income tax payables 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 less losses 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 2013 and 2012 is set out below.

	Manufacturing and sale of motorbikes US$	Manufacturing and sale of spare parts and engines US$	Moulds and repair services US$	Total US$
		Year ended 31 December 2013		
Revenue from external customers	142,921,920	29,546,233	198,828	172,666,981
Inter-segment revenue	-	50,370,148	1,093,845	51,463,993
Reportable segment revenue	142,921,920	79,916,381	1,292,673	224,130,974
Reportable segment (loss)/ profit (Adjusted EBIT)	(8,707,370)	(4,795,860)	45,549	(13,457,681)
Interest income	5,135,285	1,055,841	152,242	6,343,368
Interest expense	(364,785)	(63,703)	(11,766)	(440,254)
Depreciation and amortisation for the year	(5,276,811)	(1,633,543)	(77,725)	(6,988,079)
Reportable segment assets	63,903,337	28,977,826	1,022,792	93,903,955
Reportable segment liabilities	10,222,700	18,995,809	116,859	29,335,368
		Year ended 31 December 2012		
Revenue from external customers	174,359,604	29,743,130	241,030	204,343,764
Inter-segment revenue	-	63,519,343	915,053	64,434,396
Reportable segment revenue	174,359,604	93,262,473	1,156,083	268,778,160
Reportable segment loss (Adjusted EBIT)	(4,416,445)	(1,138,280)	(82,705)	(5,637,430)
Interest income	5,965,685	1,008,743	190,183	7,164,611
Interest expense	-	(8,434)	-	(8,434)
Depreciation and amortisation for the year	(6,280,087)	(1,734,668)	(111,772)	(8,126,527)
Reportable segment assets	53,358,246	31,600,074	2,396,083	87,354,403
Reportable segment liabilities	26,595,228	11,692,329	210,191	38,497,748

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

	2013 *US$*	**2012** *US$*
Revenue		
Reportable segment revenue	224,130,974	268,778,160
Elimination of inter-segment revenue	(51,463,993)	(64,434,396)
Consolidated revenue	172,666,981	204,343,764
(Loss)/profit		
Reportable segment loss	(13,457,681)	(5,637,430)
Elimination of inter-segment profits	33,397	16,764
Reportable segment loss derived from Group's external customers	(13,424,284)	(5,620,666)
Share of profits of an associate	46,085	53,588
Net finance income	6,519,745	8,581,698
Unallocated corporate expenses	(1,913,546)	(1,810,427)
Consolidated (loss)/profit before taxation	(8,772,000)	1,204,193

	At 31 December 2013 US$	At 31 December 2012 US$
Assets		
Reportable segment assets	93,903,955	87,354,403
Elimination of inter-segment receivables	(2,138,240)	(2,530,385)
	91,765,715	84,824,018
Interest in an associate	622,018	677,338
Investments and derivatives	3,106,994	3,095,496
Time deposits maturing after three months		
- current	91,637,347	65,425,866
Current tax recoverable	11,241	11,082
Cash and cash equivalents	22,741,624	54,885,605
Unallocated corporate assets	547,840	243,104
Consolidated total assets	210,432,779	209,162,509
Liabilities		
Reportable segment liabilities	29,335,368	38,497,748
Elimination of inter-segment payables	(2,137,244)	(2,530,385)
	27,198,124	35,967,363
Bank loans	21,313,260	-
Current tax payables	104,842	625,716
Unallocated corporate liabilities	748,248	667,134
Consolidated total liabilities	49,364,474	37,260,213

(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 interest in an associate ("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, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible assets, and the location of operations, in the case of interest in an associate.

	Revenues from external customers		Specified non-current assets	
	2013	*2012*	*2013*	*2012*
	US$	*US$*	*US$*	*US$*
Vietnam (place of domicile)	97,959,004	140,422,550	31,731,156	36,028,376
Malaysia	48,670,592	37,849,775	-	-
The Philippines	21,593,278	20,222,102	-	-
Singapore	1,682,075	1,807,377	-	-
Indonesia	1,452,657	761,785	-	-
Thailand	1,004,226	2,893,643	-	-
Other countries *	305,149	386,532	2,111	1,319
	172,666,981	204,343,764	31,733,267	36,029,695

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

3. (LOSS)/ PROFIT BEFORE TAXATION

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

(a) Net finance income

	2013	2012
	US$	*US$*
Interest income from banks	7,072,298	7,858,647
Net foreign exchange gain	-	731,485
Finance income	7,072,298	8,590,132
Interest paid and payable to banks	(440,254)	(8,434)
Net foreign exchange loss	(112,299)	-
Finance costs	(552,553)	(8,434)
	6,519,745	8,581,698

(b) Staff costs

	2013	2012
Contributions to defined contribution retirement plans	909,239	843,660
Severance pay allowance	72,920	102,132
Salaries, wages and other benefits	10,978,989	10,800,131
	11,961,148	11,745,923

(c) Other items

	2013	2012
Amortisation of lease prepayments/intangible assets	537,983	482,184
Depreciation of property, plant and equipment	6,450,096	7,644,343
Write-down of inventories	773,490	624,935
Loss on disposal/write off of property, plant and equipment	169,992	37,703
Operating lease charges: minimum lease payments in respect of property rentals	577,540	906,574
Auditors' remuneration	456,629	401,772
Research and development expenses *(i)*	8,618,774	8,868,733
Technical consultancy fee	655,988	967,255
Warranty expenses	583,548	826,745
Cost of inventories *(ii)*	136,951,956	158,085,909

(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 2013 (2012: 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

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2013	2012
	US$	*US$*
Current tax		
Provision for the year	137,741	859,865
Under-provision in respect of prior years	733,894	325,590
	871,635	1,185,455
Deferred tax		
Origination and reversal of temporary differences	(113,856)	(726,033)
	757,779	459,422

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 2013.

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 ("VMEP") 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 in Vietnam, the applicable CIT rate for Vietnam Casting Forge Precision Limited ("VCFP") is 15% from 2013 onwards.

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 Corporate Income Tax Law of Taiwan, as amended in 2010, the applicable tax rate for Chin Zong Trading Co., Ltd ("Chin Zong") 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.

In accordance with the Income Tax Law of Indonesia, the applicable tax rate for PT Sanyang Industri Indonesia is 25%.

5. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the loss for the year of US$9,529,779 (2012: profit of US$744,771) and the weighted average of 907,680,000 ordinary shares (2012: 907,680,000 ordinary shares) in issue during the year.

(b) Diluted earnings per share

The amount of diluted earnings per share is the same as the basic earnings per share for the year ended 31 December 2013 as there was no dilutive effect on earnings per share since all outstanding share options were anti-dilutive.

6. PROPERTY, PLANT AND EQUIPMENT
The Group

	Buildings held for own use carried at cost US$	Machinery, moulds and equipment US$	Office equipment, furniture and fittings US$	Electrical, water and utility systems US$	Motor vehicles US$	Assets under construction US$	Total US$
Cost							
At 1 January 2012	15,022,922	69,887,517	1,998,258	7,151,230	1,406,586	241,259	95,707,772
Additions	139,703	1,600,506	122,879	5,062	172,264	679,646	2,720,060
Transfer from assets under construction	-	557,033	-	-	-	(557,033)	-
Transfer to long-term prepayments	-	-	-	-	-	(58,391)	(58,391)
Disposals	-	(36,554)	(1,147)	-	(117,539)	-	(155,240)
Written off	-	(414,927)	(35,328)	-	-	-	(450,255)
Exchange adjustments	125,984	546,075	16,355	60,338	8,411	2,060	759,223
At 31 December 2012	15,288,609	72,139,650	2,101,017	7,216,630	1,469,722	307,541	98,523,169
At 1 January 2013	15,288,609	72,139,650	2,101,017	7,216,630	1,469,722	307,541	98,523,169
Additions	-	1,574,215	102,480	2,466	207,574	897,877	2,784,612
Transfer from assets under construction	-	884,089	-	-	-	(884,089)	-
Disposals	(12,522)	(570,873)	(19,737)	-	(172,828)	-	(775,960)
Written off	(5,943)	(532,065)	(289,796)	(7,407)	(8,054)	(104,907)	(948,172)
Exchange adjustments	(191,506)	(1,038,922)	(30,863)	(88,834)	(31,459)	(3,656)	(1,385,240)
At 31 December 2013	15,078,638	72,456,094	1,863,101	7,122,855	1,464,955	212,766	98,198,409
Accumulated depreciation and impairment loss							
At 1 January 2012	4,980,285	49,950,135	1,427,706	4,245,483	775,244	-	61,378,853
Charge for the year	896,691	6,065,476	201,605	348,195	132,376	-	7,644,343
Written back on disposals	-	(4,571)	(191)	-	(48,739)	-	(53,501)
Written off	-	(414,927)	(34,427)	-	-	-	(449,354)
Exchange adjustments	47,956	468,131	30,901	35,954	24,089	-	607,031
At 31 December 2012	5,924,932	56,064,244	1,625,594	4,629,632	882,970	-	69,127,372
At 1 January 2013	5,924,932	56,064,244	1,625,594	4,629,632	882,970	-	69,127,372
Charge for the year	729,534	5,052,852	178,905	330,546	158,259	-	6,450,096
Written back on disposals	(12,522)	(570,873)	(19,737)	-	(107,743)	-	(710,875)
Written off	(5,943)	(532,065)	(289,796)	(7,407)	(8,054)	-	(843,265)
Exchange adjustments	(78,483)	(947,059)	(25,101)	(57,454)	(31,623)	-	(1,139,720)
At 31 December 2013	6,557,518	59,067,099	1,469,865	4,895,317	893,809	-	72,883,608
Net book value							
At 31 December 2013	8,521,120	13,388,995	393,236	2,227,538	571,146	212,766	25,314,801
At 31 December 2012	9,363,677	16,075,406	475,423	2,586,998	586,752	307,541	29,395,797

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

	The Group	
	2013	2012
	US$	*US$*
Raw materials	20,194,498	21,781,768
Tools and supplies	476,554	573,937
Work in progress	1,009,321	848,241
Finished goods	6,937,853	4,542,261
Merchandise inventories*	4,255,157	4,851,920
	32,873,383	32,598,127
Provision for write down of inventories	(826,897)	(654,207)
Net realisable value	32,046,486	31,943,920

* *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:

	The Group	
	2013	**2012**
	US$	*US$*
Carrying amount of inventories sold	136,951,956	158,085,909
Write down of inventories	773,490	624,935
	137,725,446	158,710,844

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

At 1 January	654,207	334,882
Additions	773,490	624,935
Utilisation	(444,392)	(307,583)
Written off	(149,356)	-
Exchange adjustments	(7,052)	1,973
At 31 December	826,897	654,207

8. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	The Group		The Company	
	2013	**2012**	**2013**	**2012**
	US$	*US$*	*US$*	*US$*
Trade receivables	8,155,481	4,864,000	-	-
Non-trade receivables	14,898,577	7,925,125	1,056,353	184,335
Prepayments	3,331,156	2,928,183	66,331	58,769
Amounts due from related parties				
- trade	1,245,827	523,848	-	-
- non-trade	64,146	118,208	24,240,767	24,500,000
	27,695,187	16,359,364	25,363,451	24,743,104

(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:

	The Group	
	2013	**2012**
	US$	*US$*
Within 3 months	9,388,575	5,331,427
More than 3 months but within 1 year	2,648	56,421
More than 1 year	10,085	-
	9,401,308	5,387,848

9. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2013	2012	2013	2012
	US$	*US$*	*US$*	*US$*
Trade payables	12,316,236	10,438,907	-	-
Other payables and accrued operating expenses	7,984,486	9,106,037	409,044	373,628
Advances from customers	1,115,504	2,149,084	-	-
Amounts due to related parties				
- trade	3,201,302	10,578,705	-	-
- non-trade	1,815,267	2,556,206	1,413	1,000
	26,432,795	34,828,939	410,457	374,628

(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:

	The Group	
	2013	2012
	US$	*US$*
Within 3 months	15,403,263	20,810,216
More than 3 months but within 1 year	109,373	19,558
More than 1 year but within 5 years	4,902	187,838
	15,517,538	21,017,612

MANAGEMENT DISCUSSION & 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 with an annual production capacity of 360,000 motorbikes. 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

The global economy remained in a state of slow growth in 2013, as Europe recession continued, United States growth stayed at a low level and the major emerging markets faced slower growth than expected. Vietnam's economic development also remained fragile in 2013, with a gross domestic product (GDP) growth at 5.4% for 2013, picking up speed slightly after its worst performance in more than a decade in 2012. According to a recent report from the General Statistics Office in Vietnam, 2013 GDP growth was marginally lower than the government's target of 5.5%, the economy in 2013 showed signs of recovery as compared with 2012 with a GDP growth at 5.0%, and Vietnamese inflation slowed to 6.6% in 2013 from the previous year's 6.8%. The Vietnamese currency was relatively stable as the exchange rate has remained around the range of US$1 to Vietnamese Dong 21,050-21,100 since the end of 2011.

Vietnam's consumption market had little improvement and remained at a low level in 2013. However, its motorbike industry experienced keen competition since 2011, as foreign motorbike manufacturers have expanded their production capacities in Vietnam and launched more models and promotion activities. The growth of motorbike sales has slowed down in recent years, with approximately 2.8 million units sold by foreign direct invest manufacturers in 2013, representing a decrease of 10% over the previous year.

Business Review

The motorbike market was highly competitive and challenging in 2013 and the Group strived to improve its operational efficiency and implemented cost control in order to minimise the negative impacts arising from the cutting of consumer spending. During 2013, the costs of materials, components, wages and salaries increased moderately. The Group continued to introduce electronic fuel injection technology features to enhance the quality and upgrade scooter models such as ATTILA-ELIZABETH, SHARK and PASSING. Such technology upgrade offers advantages in fuel saving and environmental protection, but the use of imported advanced technology components by the Group also added pressure to the overall cost.

For the year ended 31 December 2013, an aggregate of approximately 82,400 units (which comprised of approximately 45,800 units of scooters and 36,600 units of cubs respectively) were sold by the Group in Vietnam, representing a decrease of 29% over the previous year. In the contrast, due to the increase in demand in overseas markets, approximately 105,300 units of scooters and cubs were exported to ASEAN countries representing an increase of 27% over the previous year, in particular, there has been a rapid growth in sales in Malaysian and the Philippines markets.

The Group strived to expand its product sales network, and to improve customer loyalty by implementing flexible marketing strategies and further increasing its market share in Vietnam and other ASEAN countries. As of 31 December 2013, the Group's extensive distribution network comprised over 265 SYM-authorised stores owned by dealers, covering every province in Vietnam.

The Group entered into an agreement with a third party purchaser on 30 December 2013, pursuant to which the Group agreed to dispose its entire interest in a wholly-owned subsidiary, PT Sanyang Industri Indonesia, at a consideration of US$1,030,000 and recognised a gain on disposal of US$483,685. The disposal proceeds for this subsidiary were subsequently received on 17 January 2014. The management considered that the disposal represented a good opportunity for the Group to realize the disposed subsidiary, which has been incurring operating losses for the past years.

Financial Review

Revenue decreased by 16% from US$204.3 million for the year ended 31 December 2012 to US$172.7 million for the year ended 31 December 2013, and the Group recorded a net loss (after tax) of US$9.5 million for the year ended 31 December 2013 as compared with a net profit after tax US$0.7 million for the year ended 31 December 2012.

Revenue

Revenue of the Group for the year ended 31 December 2013 decreased to US$172.7 million from US$204.3 million for the year ended 31 December 2012, representing a decrease of US$31.6 million or 16%. Such decrease was due to a slowdown of the economy and domestic spending in Vietnam during the year. The Group's overall sales quantities and those of scooters in Vietnam decreased by 29% and 41% over the comparative periods. Sales of scooters continued to be the Group's major profit driver. The principal scooter models include ATTILA-ELIZABETH, SHARK and PASSING, and cub models of ELEGANT and GALAXY.

In terms of geographical contribution, approximately 57% of total revenue were generated from the domestic market in Vietnam for the year ended 31 December 2013 as compared with 69% for the year ended 31 December 2012. Domestic sales in Vietnam decreased by 30% from US$140.4 million for the year ended 31 December 2012 to US$98.0 million for the year ended 31 December 2013. Due to the increase in demand in the overseas markets, export sales increased 17% from US$63.9 million for the year ended 31 December 2012 to US$74.7 million for the year ended 31 December 2013. The quantity of engines exported was slightly decreased from approximately 48,000 units for the year ended 31 December 2012 to approximately 45,400 units for the year ended 31 December 2013.

Cost of Sales

The Group's cost of sales decreased by 13%, from US$182.0 million for the year ended 31 December 2012 to US$159.3 million for the year ended 31 December 2013. Such decrease was primarily due to a drop of sales volume and cost reduction arising from expanding procurement sources for materials and components which was partly offset by the increase of labour costs, minor depreciation of Vietnamese Dong and rising import costs of advance technology components like electronic fuel injection engines. As a percentage of total revenue, the Group's cost of sales increased from 89% for the year ended 31 December 2012 to 92% for the year ended 31 December 2013.

Gross Profit and Gross Profit Margin

Owing to the drop of sales and the decrease of materials and components costs, and increase of labour costs as discussed above, the gross profit of the Group decreased significantly by 40%, from US$22.3 million for the year ended 31 December 2012 to US$13.4 million for the year ended 31 December 2013. The Group's gross profit margin has also decreased from 11% to 8% during the same comparative periods.

Distribution Expenses

The Group's distribution expenses decreased by 5% from US$14.3 million for the year ended 31 December 2012 to US$13.6 million for the year ended 31 December 2013. Such decrease was mainly due to the decreases in warranty and sales incentives attributed to sales drop but partly offset by an increase of supporting fees paid to distributors, advertising expenses for promotion and market expansion in a competitive market in Vietnam.

Technology Transfer Fees

The technology transfer fees decreased by 19%, from US$4.5 million for the year ended 31 December 2012 to US$3.7 million for the year ended 31 December 2013. Such decrease was in proportion to the decrease in the sales volume of SYM- branded motorbikes particularly scooters.

Administrative Expenses

The Group's administrative expenses increased by 10%, from US$11.1 million for the year ended 31 December 2012 to US$12.2 million for the year ended 31 December 2013, which account for 7% of the Group's total revenue for the year ended 31 December 2013. This was principally a consequence of reducing operating costs which was partly offset by the increase of staff salaries and related costs.

Results from Operating Activities

As a result of the factors discussed above, the Group's results from operating activities worsen by 106%, from a loss of US$7.4 million for the year ended 31 December 2012 to a loss of US$15.3 million for the year ended 31 December 2013.

Net Financial Income

The Group's net finance income decreased by 24%, from US$8.6 million for the year ended 31 December 2012 to US$6.5 million for the year ended 31 December 2013. Such decrease was mainly attributable to a decrease in interest income by US$0.8 million and an increase of bank interest expenses by US$0.4 million. Foreign exchange gains arising from the fluctuation of the Vietnamese Dong against the US dollar for the year ended 31 December 2012 amounted to US$0.7 million as compared to a foreign exchange loss of US$0.1 million for the year ended 31 December 2013.

Loss for the year and Margin

As a result of the factors discussed above, the Group's net loss (after income tax under provision in respect of prior periods) for the year ended 31 December 2013 amounted to US$9.5 million, as compared to a net profit after tax US$0.7 million for the year ended 31 December 2012. The Group's net profit margin worsen from 0.4% for the year ended 31 December 2012 to a negative 5.5% for year ended 31 December 2013.

Liquidity and Financial Resources

As at 31 December 2013, the Group's net current assets amounted to US$127.9 million (31 December 2012: US$134.5 million) which consisted of current assets amounted to US$177.2 million (31 December 2012: US$171.7 million) and current liabilities amounted to US$49.3 million (31 December 2012: US$37.2 million).

As at 31 December 2013, the bank loans repayable within one year was US$21.3 million, including US$13.9 million denominated in US$ and US$7.4 million denominated in Vietnamese Dong (31 December 2012: Nil). As at 31 December 2013, the Group had no bank loans repayable beyond one year (31 December 2012: Nil). As at 31 December 2013, the gearing ratio was 13% (31 December 2012: 0%) calculated by dividing total bank loans by total equity.

As at 31 December 2013, the cash and bank balances (including bank deposits), amounted to US$114.4 million, mainly including US$67.3 million denominated in Vietnamese Dong, US$31.2 million denominated in US$, US$15.7 million denominated in RMB and US$0.2 million denominated in NT$ and HK$ (31 December 2012: US$120.3 million, mainly including US$68.2 million denominated in Vietnamese Dong, US$36.1 million denominated in US$, US$15.4 million denominated in RMB and US$0.6 million denominated in NT$, HK$ and IDR).

As at 31 December 2013, the Group had invested in wholly principal-protected US$ callable collared floating rate notes amounted to US$3.0 million (31 December 2012: US$3.0 million).

The Board is of the opinion that the Group is in a healthy liquidity position as it has sufficient resources to satisfy its working capital requirements 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$. The Group did not enter into any financial derivative instruments to hedge against the foreign exchange currency exposures.

Capital Commitments and Contingent Liabilities

As at 31 December 2013, the capital commitments of the Group in respect of relocation and construction of a new factory amounted to US$16.5 million which will all be settled with the proceeds from the cash generated from the Group's operations. The Group had no significant contingent liabilities as at 31 December 2013.

Human Resources and Remuneration Policies

The Group currently offers competitive remuneration packages to its staff in Vietnam, Taiwan, Indonesia 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 2013, the Group had 1,958 employees (2012: 2,083). The total amount of salaries and related costs for the year ended 31 December 2013 amounted to US$12.0 million (2012: US$11.7 million).

Prospects

Vietnam's economic growth is mainly driven by exports and foreign investment, which will continue to be subject to changes and fluctuations of the global market. The United States and European economies appear to be on the path to recovery in 2014, and this should also benefit Vietnamese exports. Increased production costs and staff costs in China have driven more multinational companies to set up manufacturing bases in neighbouring Asian countries, in particular Vietnam. Foreign direct investment is likely to grow strongly in 2014, and exports, especially foreign-invested manufacturing firms, are expected to provide a boost to Vietnam's growth. Vietnam's macroeconomic conditions have improved for the past two years with falling inflation, current account surplus, stable exchange rate and increased reserves. The Vietnamese government has forecasted 2014 GDP grow at a moderate rate of 5.8%, with the export boost at 10% and an inflation target of 6.5-7%.

Doing businesses in Vietnam will continue to be challenging, because consumption in the Vietnamese market remains at a low level. However, the Group is optimistic that Vietnam's economic development will grow steadily and the motorbike industry in Vietnam will resume its growth momentum in the mid to long term. Looking ahead, the Group's exporting business to ASEAN countries will continue to be a key driver of growth in 2014. The Group will actively engage in marketing and promotional activities, and provide better after sales service support systems in the rising markets, particularly Malaysia and the Philippines.

The Group will continue its best effort to enhance customer satisfaction and cost effectiveness, by implementing measures to strengthen cost control, expanding its suppliers network and procurement sources, boosting productivity and operation efficiency, enhancing research and development capabilities and speeding up market penetration through its retail network. The Group plans to launch several new and modified motorbike models in Vietnam to raise product price and profitability, these include the scooter of ELIZABETH and other models with larger engine capacity and cub models targeting the younger generation.

The new plant in Hanoi is currently under construction and is scheduled to commence operation by the end of 2015.The Group will monitor cautiously the plan to redevelop the original plant site previously in Ha Tay province and adjust our development plan accordingly under existing unfavourable conditions.

Maximising the shareholders value has always been the development ideology of the Group. The Group will focus firmly on optimising our core business and technology development to improve product functionality and expand service dimensions to our customers. Our business strategy involves improving our product models with a view to strengthening our dominant role in the market and achieving a bigger share in the market value chain. The Group's experienced management team also enables us to proactively counter external challenges and develop business initiatives. The Group maintains top research and development capability and healthy liquidity position, and the management maintains a positive attitude towards market growth in 2014 and forwards. We will also continue to channel our resources to design and technology development in the high growth motorbike models. The Group will seize all available development opportunities to enhance 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 2013, the net proceeds were utilized in the following manner:

	Per Prospectus US$' million	Amount Utilized US$' million	Balance as at 31 December 2013 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 unutilized 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 2013, the Company has complied with the applicable code provisions as set out in the Code on Corporate Governance Practice 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 2013.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The annual results for the year ended 31 December 2013 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.

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

It is proposed that an annual general meeting will be held on 25 June 2014. 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 20 June 2014 to 25 June 2014 (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 19 June 2014.

PROPOSED FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2013.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the year ended 31 December 2013, 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 2013 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
Chou Ken Yuan
Chairman

Hong Kong, 3 March 2014

As at the date of this announcement, the board of directors of the Company (the "Directors") comprised four executive Directors, namely Mr. Chou Ken Yuan, Mr. Wang Ching Tung, Mr. Chen Chung Long and Mr. Yu Wen Lung, two non-executive Directors, namely Mr. Chiang Shih Huang 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.