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Vietnam Manufacturing and Export Processing (Holdings) Limited

越南製造加工出口(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 422)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2026**

Financial Highlights :		(expressed in US\$)	
	Six months ended 30 June		
	2026	2025	Change Amount
• Revenue	37,793,718	46,602,134	(8,808,416)
• Gross profit	2,561,739	5,399,679	(2,837,940)
• (Loss)/profit after tax	(1,423,103)	42,597	(1,465,700)
• (Loss)/earnings per share	(0.00157)	0.00005	(0.00162)

The board of directors (the “**Board**”) of Vietnam Manufacturing and Export Processing (Holdings) Limited (the “**Company**”) hereby announces the unaudited consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2026 together with the comparative figures for the corresponding period in 2025. The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2026.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2026 - Unaudited

(Expressed in United States dollars)

		Six months ended 30 June	
		2026	2025
	Note	US\$	US\$
Revenue	3	37,793,718	46,602,134
Cost of sales		(35,231,979)	(41,202,455)
Gross profit		<u>2,561,739</u>	<u>5,399,679</u>
Other income		319,739	564,244
Distribution costs		(1,881,717)	(1,936,470)
Administrative and other operating expenses		(2,714,628)	(3,124,480)
Results from operations		<u>(1,714,867)</u>	<u>902,973</u>
Finance income		1,087,858	1,121,808
Finance costs		(548,631)	(1,826,283)
Net finance income/(costs)	4(a)	<u>539,227</u>	<u>(704,475)</u>
Impairment loss on other property, plant and equipment	4(c)	(185,261)	(125,278)
Share of profit of an associate		40,079	29,212
		<u>(145,182)</u>	<u>(96,066)</u>
(Loss)/profit before taxation	4	(1,320,822)	102,432
Income tax expense	5	(102,281)	(59,835)
(Loss)/profit for the period		<u>(1,423,103)</u>	<u>42,597</u>

Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

For the six months ended 30 June 2026 - Unaudited

(Expressed in United States dollars)

		Six months ended 30 June	
		2026	2025
	Note	US\$	US\$
Other comprehensive income for the period (after tax)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries and an associate		(347,618)	(682,459)
Total comprehensive income for the period		<u>(1,770,721)</u>	<u>(639,862)</u>
(Loss)/profit for the period attributable to:			
Equity shareholders of the Company		(1,423,136)	42,518
Non-controlling interests		33	79
		<u>(1,423,103)</u>	<u>42,597</u>
Total comprehensive income attributable to:			
Equity shareholders of the Company		(1,770,754)	(639,941)
Non-controlling interests		33	79
		<u>(1,770,721)</u>	<u>(639,862)</u>
(Loss)/earnings per share			
- Basic and diluted	6	<u>(0.00157)</u>	<u>0.00005</u>

Consolidated Statement of Financial Position

At 30 June 2026 - Unaudited

(Expressed in United States dollars)

		At 30 June 2026 US\$	At 31 December 2025 US\$
	Note		
Non-current assets			
Investment properties		3,540,665	3,581,933
Other property, plant and equipment	8	-	-
Interest in an associate		586,678	551,142
		<u>4,127,343</u>	<u>4,133,075</u>
Current assets			
Inventories		15,711,795	21,094,767
Trade receivables, other receivables and prepayments	9	16,461,968	19,591,270
Current tax recoverable		16,717	12,832
Time deposits maturing after 3 months		27,254,052	29,638,666
Cash and bank balances		23,301,570	29,277,040
		<u>82,746,102</u>	<u>99,614,575</u>
Current liabilities			
Trade and other payables	10	18,606,035	15,248,009
Bank loans		20,835,950	37,177,513
Lease liabilities		9,793	9,548
Current tax payable		27,789	2,137,519
		<u>39,479,567</u>	<u>54,572,589</u>
Net current assets		<u>43,266,535</u>	<u>45,041,986</u>
Total assets less current liabilities		<u>47,393,878</u>	<u>49,175,061</u>
Non-current liabilities			
Deferred tax liabilities		15,681	15,890
Lease liabilities		643,248	653,501
		<u>658,929</u>	<u>669,391</u>
NET ASSETS		<u>46,734,949</u>	<u>48,505,670</u>

Consolidated Statement of Financial Position (continued)

At 30 June 2026 - Unaudited

(Expressed in United States dollars)

	At 30 June 2026 US\$	At 31 December 2025 US\$
Capital and reserves		
Share capital	1,162,872	1,162,872
Reserves	45,567,627	47,338,381
Total equity attributable to equity shareholders of the Company	46,730,499	48,501,253
Non-controlling interests	4,450	4,417
TOTAL EQUITY	46,734,949	48,505,670

Notes:

1. BASIS OF PREPARATION

The financial information set out in this announcement does not constitute the Group's interim financial report for the six months ended 30 June 2026, but is derived from the interim financial report.

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("IASB").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2025 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2026 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2025 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with IFRS Accounting Standards.

The interim financial report is unaudited, but has been reviewed by the Company's auditor, KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants.

The financial information relating to the financial year ended 31 December 2025 that is included in the interim financial report as comparative information does not constitute the Company's annual consolidated financial statements for that financial year but is derived from those financial statements. The Company's auditor has reported on those financial statements. The auditor's report was unqualified and did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report.

2. CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of amendments to IFRS Accounting Standards that are first effective for the current accounting period. Of these, only the amendments to IFRS 9, *Financial instruments* and IFRS 7, *Financial instruments: Disclosures – Amendments to the classification and measurement of financial instruments*, are relevant to the Group's financial statements. The amendments do not have a material impact on this interim report.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. REVENUE AND SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines (products or services). 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 identified two reportable segments. No operating segments have been aggregated to form the following reportable segments.

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines and geographical location of customers is as follows:

	Six months ended 30 June	
	2026	2025
	US\$	US\$
Revenue from contracts with customers within the scope of International Financial Reporting Standard ("IFRS") 15		
Disaggregated by major products or service lines		
- Manufacture and sale of motorbikes	32,248,963	41,798,757
- Manufacture and sale of spare parts and engines	5,544,755	4,803,377
	<u>37,793,718</u>	<u>46,602,134</u>
Disaggregated by geographical location of customers		
- Vietnam (place of domicile)	15,577,364	18,348,302
- Malaysia	9,084,461	11,534,868
- Italy	4,134,098	761,669
- The Philippines	2,258,362	2,903,796
- Greece	1,353,655	3,522,944
- Chinese Mainland	1,129,775	971,370
- Spain	950,112	1,997,629
- Belgium	515,259	1,490,656
- Thailand	210,766	2,362,185
- Other countries	2,579,866	2,708,715
	<u>37,793,718</u>	<u>46,602,134</u>

(b) Information about reportable segment revenue and profit or loss

Information regarding the Group's reportable segments as provided to the Group's senior executive management for the purpose of resource allocation and assessment of segment performance for the period is set out below:

	Six months ended 30 June 2026		
	Manufacture and sale of motorbikes US\$	Manufacture and sale of spare parts and engines US\$	Total US\$
Revenue from external customers recognised at a point in time	32,248,964	5,544,754	37,793,718
Inter-segment revenue	-	7,719,997	7,719,997
Reportable segment revenue	32,248,964	13,264,751	45,513,715
Segment loss before depreciation	(948,157)	(211,331)	(1,159,488)
Depreciation	(12,839)	-	(12,839)
Reportable segment loss (“adjusted EBIT”)	(960,996)	(211,331)	(1,172,327)
Share of profit of an associate			40,079
Net finance income			539,227
Impairment loss on other property, plant and equipment			(185,261)
Unallocated corporate expenses			(542,540)
Loss before taxation			(1,320,822)

	Six months ended 30 June 2025		
	Manufacture and sale of motorbikes US\$	Manufacture and sale of spare parts and engines US\$	Total US\$
Revenue from external customers recognised at a point in time	41,798,757	4,803,377	46,602,134
Inter-segment revenue	-	9,770,012	9,770,012
Reportable segment revenue	41,798,757	14,573,389	56,372,146
Segment profit before depreciation	1,479,874	62,011	1,541,885
Depreciation	(107,281)	-	(107,281)
Reportable segment profit (“adjusted EBIT”)	1,372,593	62,011	1,434,604
Share of profit of an associate			29,212
Net finance costs			(704,475)
Impairment loss on other property, plant and equipment			(125,278)
Unallocated corporate expenses			(531,631)
Profit before taxation			102,432

The measure used for reporting segment result is adjusted EBIT i.e. “adjusted earnings or loss before interest and taxes”, where “interest” is regarded as net finance (income)/costs. To arrive at adjusted EBIT the Group’s earnings are further adjusted for items not specifically attributed to individual segments, such as share of profit of an associate, impairment losses on other property, plant and equipment and other head office or corporate administration expenses.

4. **(LOSS)/PROFIT BEFORE TAXATION**

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

(a) Net finance (income)/costs

	Six months ended 30 June	
	2026	2025
	US\$	US\$
Interest income from banks	(1,087,858)	(1,121,808)
Finance income	<u>(1,087,858)</u>	<u>(1,121,808)</u>
Interest paid and payable to banks	620,296	848,815
Interest on lease liabilities	22,455	71,472
Net foreign exchange (gain)/loss	<u>(94,120)</u>	<u>905,996</u>
Finance costs	<u>548,631</u>	<u>1,826,283</u>
Net finance (income)/costs	<u>(539,227)</u>	<u>704,475</u>

(b) Staff costs

	Six months ended 30 June	
	2026	2025
	US\$	US\$
Salaries, wages and other benefits	3,554,280	4,543,328
Contributions to defined contribution retirement plans	<u>452,429</u>	<u>552,773</u>
	<u>4,006,709</u>	<u>5,096,101</u>

(c) Other items

	Six months ended 30 June	
	2026	2025
	US\$	US\$
Depreciation of investment properties and other property, plant and equipment	12,839	120,503
Gain on disposal of other property, plant and equipment	(2,595)	(9,170)
Provision for/(reversal of) write-down of inventories	223,453	(994,606)
Reversal of loss allowance of trade receivables	-	(191,641)
Research and development expenses	517,013	823,681
Impairment loss on other property, plant and equipment	<u>185,261</u>	<u>125,278</u>

The Group suffered operating losses (before impairment losses on Motorbike non-current assets) over the past few years due to the fierce competition in the motorbike industry and increase of manufacturing cost on newly launched products. Based on an impairment assessment conducted by management, impairment losses totaling US\$185,261 (six months ended 30 June 2025: US\$125,278) was recognised in profit or loss during the period to write down the carrying amount of other property, plant and equipment of the cash generating unit (“CGU”) to their recoverable amounts.

The recoverable amount of the CGU is determined based on the higher of its value-in-use and the fair value less costs of disposal. For the period ended 30 June 2026 and 2025, for assets which management considers are likely to recover through continuing use, the Group assessed the recoverable amount based on a value-in-use calculation. These calculations use cash flow forecast based on financial budgets approved by management in which cash flows are discounted using pre-tax discount rate of 13% (six months ended 30 June 2025: 13%).

For the period ended 30 June 2025, management identified certain land and buildings included in the CGU, which carrying values were likely to be recovered through a sales transaction. The sale was subsequently completed in December 2025. The recoverable amounts of these land and buildings were measured based on their fair value less costs of disposal. This valuation model considers recent sales prices of comparable properties on a price per square foot basis, adjusted for a premium or a discount specific to the quality of the Group’s land and buildings compared to the recent sales. Higher premium for higher quality buildings will result a higher fair value measurement. The fair value on which recoverable amount is based is categorised as a Level 3 measurement under the three-level fair value hierarchy as defined in IFRS 13, *Fair Value Measurement*. The key unobservable inputs included the premium on quality of the buildings of 2% - 5%.

5. INCOME TAX EXPENSE

Taxation in the consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2026	2025
	US\$	US\$
Current tax - Hong Kong		
Hong Kong Profits Tax	14,524	-
Current tax - Overseas		
Income taxes	87,757	59,835
Provision for the period	<u>102,281</u>	<u>59,835</u>

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2025: 16.5%) to the six months ended 30 June 2026, except for the Company which is a qualifying corporation under the two-tiered Profits Tax rate regime. For the Company, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. 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 six months ended 30 June 2025.

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 Co., Ltd. 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 20%.

In accordance with the Law of Foreign Investment of 1996, as amended in 2000 and 2014 in Vietnam, the applicable CIT rate for Vietnam Casting Forge Precision Ltd. is 20% from 2024 onwards.

In accordance with the Corporate Income Tax Law of Taiwan, as amended in 2019, the applicable tax rate for Chin Zong Trading Co., Ltd. is 20% if the taxable profit for the year is above New Taiwan Dollar (“NT\$”) 120,000. Income tax is exempted if the taxable profit is below NT\$120,000.

6. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity shareholders of the Company of US\$1,423,136 (six months ended 30 June 2025: profit attributable to equity shareholders of the Company of US\$42,518) and the weighted average of 907,680,000 ordinary shares (2025: 907,680,000 ordinary shares) in issue during the interim period. The amount of basic loss per share is US\$0.00157 (six months ended 30 June 2025: basic earnings per share of US\$0.00005) for the six months ended 30 June 2026.

(b) Diluted (loss)/earnings per share

The amount of diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share for the six months ended 30 June 2026 and 2025 as there were no potential dilutive ordinary shares in existence during the six months ended 30 June 2026 and 2025.

7. DIVIDEND

No dividend has been paid or declared by the Company for the six months ended 30 June 2026 (six months ended 30 June 2025: nil).

8. OTHER PROPERTY, PLANT AND EQUIPMENT

(a) During the six months ended 30 June 2026, the Group recognised items of other property, plant and equipment with a cost of US\$185,261 (six months ended 30 June 2025: US\$125,278).

(b) Impairment losses

During the six months ended 30 June 2026, an impairment loss of US\$185,261 (six months ended 30 June 2025: US\$125,278) was recognised in profit or loss for other property, plant and equipment (see note 4(c)).

9. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	At 30 June 2026 US\$	At 31 December 2025 US\$
Trade receivables	4,748,162	7,812,874
Non-trade receivables	8,534,302	9,043,194
Prepayments	772,123	403,347
Amounts due from related parties		
- Trade	2,407,130	2,331,096
- Non-trade	251	759
	<u>16,461,968</u>	<u>19,591,270</u>

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

	At 30 June 2026 US\$	At 31 December 2025 US\$
Within 3 months	7,155,292	9,619,174
More than 3 months but within 1 year	-	524,638
More than 1 year but within 2 years	-	158
	<u>7,155,292</u>	<u>10,143,970</u>

10. TRADE AND OTHER PAYABLES

	At 30 June	At 31 December
	2026	2025
	US\$	US\$
Trade payables	3,632,379	2,520,864
Other payables and accrued operating expenses	3,000,452	2,907,031
Contract liabilities - billings in advance of performance	4,100,338	676,969
Provisions	1,200,212	1,345,110
Amounts due to related parties		
- Trade	6,672,610	7,796,065
- Non-trade	44	1,970
	<u>18,606,035</u>	<u>15,248,009</u>

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

	At 30 June	At 31 December
	2026	2025
	US\$	US\$
Within 3 months	10,016,550	9,438,678
More than 3 months but within 1 year	287,119	875,425
More than 1 year but within 5 years	1,320	2,826
	<u>10,304,989</u>	<u>10,316,929</u>

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 of Vietnam with an annual production capacity of 200,000 motorbikes. The Group's motorbikes are sold under the SYM brand name and offering a wide range of models and types. It also produces motorbike parts and engines for internal use and export to overseas customers.

OPERATION ENVIRONMENT

In the first half of 2026, the global economy maintained moderate growth. Nevertheless, factors such as geopolitical conflicts, the restructuring of global supply chains, fluctuations in energy prices and exchange rate movements continued to create uncertainties in the global operating environment. Against this macroeconomic backdrop, the Vietnamese economy maintained steady growth momentum. According to official statistical data in Vietnam, Vietnam's gross domestic product (GDP) grew by 8.18% in the first half of 2026, demonstrating the resilience of its economy and further consolidating its position as an important regional manufacturing and export hub.

According to the statistics from the Vietnam Association of Motorcycle Manufacturers, the total sales volume of the five foreign direct investment manufacturers in Vietnam reached 1,367,552 units of motorbikes in the first half of 2026, representing an increase of approximately 6.5% as compared to the corresponding period of 2025, which reflected the continued recovery in demand in the Vietnamese motorcycle market. Meanwhile, major brands actively launched new models and optimised their product portfolios, resulting in continued intense market competition.

In terms of industry policy, the Vietnamese government actively promoted the transition towards green transportation to foster the development of the electric motorcycle market. Nevertheless, as the relevant policies are being implemented in phases, there remains room for further improvement in supporting infrastructure, including charging infrastructure, battery costs, and after-sales services. Leveraging their mature supply chain, comprehensive sales and after-sales service networks, and their ability to meet consumers' daily commuting needs, internal combustion engine ("ICE") motorcycles are expected to remain the dominant segment of the Vietnamese motorcycle market in the short term.

BUSINESS REVIEW

For the six months ended 30 June 2026, the Group sold about 17,800 units of motorbikes (including about 4,800 units of scooters and 13,000 units of cubs) in Vietnam, representing a decrease of 20.5% as compared with the corresponding period in the previous year. The Group sold an aggregate of approximately 13,700 units of scooters and cubs by exporting to Association of Southeast Asian Nations ("ASEAN") countries, Europe and other overseas markets, representing a decrease of 25.5% compared to the corresponding period of the previous year.

As for the domestic market in Vietnam, market competition continued to intensify during the first half of 2026 under review. The Vietnamese government continued to promote policies for the electrification of transportation, while market attention to future transportation policies and product development trends gradually increased. As a result, some consumers adopted a more cautious and wait-and-see attitude when purchasing entry-level ICE motorcycles. Meanwhile, local Vietnamese electric motorcycle brands actively expanded their market share through low-price subsidies and aggressive promotional strategies, creating competitive pressure on certain of the Group's entry-level 50cc ICE motorcycle models. Consequently, the Group's sales performance in the Vietnamese domestic market declined as compared with the corresponding period in the previous year.

During the first half of 2026, the Group continued to focus on the Priti, NAGA and TPBW series as its principal product offerings in the Vietnamese domestic market, covering engine displacement categories ranging from 50cc to 150cc. Among these, the 50cc models continued to target the student segment through refreshed colour schemes and decals, promotional campaigns at dealership outlets, and initiatives to promote safe riding and after-sales maintenance services, thereby enhancing product visibility and brand recognition. For the 125cc to 150cc

models, the Group continued to strengthen its product lineup by combining stylish design, fuel efficiency, convenient features and riding safety to meet the diverse needs of different customer segments, while further enhancing product competitiveness and optimising its product mix.

As for the export markets, inventory levels at distributors in the Group's major markets remained relatively high during the first half of 2026 under review. Coupled with intensified market competition and changes in consumer preferences, shipments to the Philippines, Malaysia and certain European markets was adversely affected. Meanwhile, the Middle East market continued to be affected by geopolitical risks, resulting in a slower-than-expected recovery in market demand. As a result, shipment schedules for certain orders were deferred, which weighed on the Group's overall export sales performance.

In response to the challenges in the export markets, the Group continued to maintain close cooperation with local distributors in various markets to keep abreast of end-market sales performance and distributor inventory levels, enabling timely adjustments to shipment schedules and product strategies. The Group also continued to introduce new models and implement marketing initiatives tailored to market demands in order to enhance product competitiveness and accelerate inventory destocking. At the same time, the Group continued to expand into emerging markets and further extended its presence to Burkina Faso in Africa during the first half of 2026, with a view to diversifying market risks, reducing its reliance on any single regional market and strengthening the overall growth momentum of its export business.

FINANCIAL REVIEW

The Group's revenue decreased by 18.9% from US\$46.6 million for the six months ended 30 June 2025 to US\$37.8 million for the six months ended 30 June 2026. The Group recorded a net loss of US\$1.42 million for the six months ended 30 June 2026, which decreased by US\$1.46 million, as compared to the net profit of US\$0.04 million for the six months ended 30 June 2025. Further analysis on the operating results of the Group is set out below.

REVENUE

The Group's revenue for the six months ended 30 June 2026 was US\$37.8 million, representing a decrease of US\$8.8 million or 18.9% as compared with US\$46.6 million for the six months ended 30 June 2025. The decrease in revenue was primarily attributable to the decline in sales volumes in the Vietnamese domestic market and the Group's major export markets. In response to changes in market conditions, the Group will continue to develop new products and expand its customer base in order to capture business opportunities, improve its sales performance and enhance its overall operating performance.

COST OF SALES

The Group's cost of sales for the six months ended 30 June 2026 was US\$35.2 million, representing a decrease of 14.6% as compared with US\$41.2 million for the six months ended 30 June 2025. The Group's cost of sales mainly comprised raw material costs, direct labour costs and manufacturing overheads. The decrease was primarily attributable to the decline in overall sales volume, resulting in a corresponding reduction in production costs.

As a percentage of total revenue, the Group's cost of sales increased from 88.4% for the six months ended 30 June 2025 to 93.2% for the six months ended 30 June 2026. This was primarily attributable to the reduction in production scale, as fixed manufacturing costs could not be reduced in proportion to the decline in revenue, resulting in an increase in the amount of fixed manufacturing costs allocated to each unit of product.

GROSS PROFIT AND GROSS PROFIT MARGIN

During the six months ended 30 June 2026, the Group recorded a gross profit and gross profit margin of approximately US\$2.6 million and 6.8% respectively (for the six months ended 30 June 2025: gross profit and gross profit margin of approximately US\$5.4 million and 11.6% respectively). The gross profit and gross profit margin decreased due to the decrease in sales from the major sources of profit as discussed above.

DISTRIBUTION EXPENSES

The Group's distribution expenses were broadly in line with those of the previous year, amounting to US\$1.9 million for the six months ended 30 June 2026 as compared with US\$1.9 million for six months ended 30 June 2025.

ADMINISTRATIVE AND OTHER OPERATING EXPENSES

The Group's administrative and other operating expenses decreased by 12.9%, from US\$3.1 million for the six months ended 30 June 2025 to US\$2.7 million for the six months ended 30 June 2026. The decrease was primarily attributable to the Group's continued efforts to enhance operational efficiency, strengthen cost control and optimise the allocation of human resources, resulting in a reduction in the relevant operating expenses and staff costs. The administrative and other operating expenses accounted for 7.2% of the Group's total revenue for the six months ended 30 June 2026.

RESULTS FROM OPERATIONS

As a result of the factors discussed above, for the six months ended 30 June 2026, the Group recorded a loss from operations of US\$1.7 million (for the six months ended 30 June 2025: profit from operations of US\$0.9 million).

NET FINANCE INCOME/COSTS

The Group's recorded a net finance costs of US\$0.70 million for the six months ended 30 June 2025, compared to a net finance income of US\$0.54 million for the six months ended 30 June 2026, representing a variance of US\$1.24 million. The change was primarily attributable to (1) a decrease in bank interest income by US\$0.03 million, (2) an increase in foreign exchange profit of US\$1.00 million arising from fluctuation of the New Taiwan Dollar against the US dollar and (3) a decrease in bank interest and lease liabilities interest expense by US\$0.27 million.

IMPAIRMENT LOSS ON OTHER PROPERTY, PLANT AND EQUIPMENT

Due to the persistent intense competition in the motorbike industry and rising manufacturing costs, the Group continues to face certain operational challenges, which have impacted the performance of the manufacturing and sales of motorbikes segment, and manufacturing and sales of spare parts and engines segment. Based on the latest market conditions and financial performance, the Group considered there was an indication that the other property, plant and equipment may be impaired. Accordingly, the Group carried out an impairment testing and noted an impairment loss of approximately US\$0.2 million on the other property, plant and equipment were required during the six months ended 30 June 2026. This impairment mainly reflects the Group's prudent financial management and reassessment of the value of its assets. The management will continue to monitor market developments and adjust business strategies as necessary to enhance future operational efficiency and asset returns.

LOSS/PROFIT FOR THE PERIOD AND NET LOSS/PROFIT MARGIN

As a result of the factors discussed above, the Group recorded a net loss of US\$1.42 million for the six months ended 30 June 2026, decreased by US\$1.46 million as compared to the net profit of US\$0.04 million for the six months ended 30 June 2025. The Group recorded the net profit margin of 0.1% for the six months ended 30 June 2025, while the net loss margin for the six months ended 30 June 2026 was 3.8%.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2026, the Group's net current assets amounted to US\$43.2 million (31 December 2025: US\$45.0 million) which consisted of current assets of US\$82.7 million (31 December 2025: US\$99.6 million) and current liabilities of US\$39.5 million (31 December 2025: US\$54.6 million).

As at 30 June 2026, the Group's interest-bearing loans repayable within one year was US\$20.8 million (31 December 2025: US\$37.2 million). As at 30 June 2026, the Group had no interest-bearing loans repayable beyond one year (31 December 2025: Nil). As at 30 June 2026, the gearing ratio was 44.5% (31 December 2025: 76.7%) calculated by dividing total bank loans by total shareholders' equity.

As at 30 June 2026, the Group's cash and bank balances (including time deposits) amounted to US\$50.6 million, which included US\$40.1 million denominated in Vietnamese Dong, US\$9.8 million denominated in US dollar, US\$0.1 million denominated in Euro and US\$0.6 million denominated in New Taiwan Dollar (31 December 2025: US\$58.9 million, which included US\$48.3 million denominated in Vietnamese Dong, US\$10.0 million denominated in US dollar and US\$0.6 million denominated in New Taiwan Dollar).

The Group actively and regularly reviews and manages its capital structure to enhance its financial strength for the Group's long-term development. There was no change in the Group's approach to capital management during the six months ended 30 June 2026.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Transactions of the Group are mainly denominated in Vietnamese Dong and US dollar. The Group will closely monitor the trend of fluctuation exchange rate and strengthen relevant personnel's awareness of risk prevention to deal with exchange rate risks. 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 and US dollar. As of 30 June 2026, the Group did not use any financial instrument to hedge its foreign exchange risks.

MATTERS IN RELATION TO CAPITAL REDUCTION TO SUBSIDIARIES

For the six months ended 30 June 2026, Chin Zong Trading Co., Ltd ("**Chin Zong**", a company incorporated in Taiwan with limited liability), a wholly-owned subsidiary of the Company, reduced its capital by NT\$30,000,000 in order to adjust its capital structure and improve the return on shareholders' equity, upon which the paid-in capital of Chin Zong was NT\$15,000,000.

Save as disclosed above, the Group had no other capital reduction or disposal of subsidiaries and affiliates for the six months ended 30 June 2026.

HUMAN RESOURCES AND REMUNERATION POLICIES

The Group currently offers competitive remuneration packages to its staff in Vietnam and Taiwan, and regularly reviews its remuneration packages in light of the overall development of the Group. The Group's remuneration packages include basic salaries, bonuses, staff quarters, training and development opportunities, medical benefits, insurance plan and retirement benefits. As at 30 June 2026, the Group had 840 employees (30 June 2025: 1,021). The total amount of salaries and related costs for the six months ended 30 June 2026 amounted to approximately US\$4.0 million (for the six months ended 30 June 2025: approximately US\$5.1 million).

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Group had no material capital commitments and contingent liabilities as at 30 June 2026.

MATERIAL ACQUISITIONS OR DISPOSALS

During the six months ended 30 June 2026, the Group had no material acquisition or disposal of subsidiaries, associates and joint ventures.

SIGNIFICANT INVESTMENT HELD

During the six months ended 30 June 2026, the Group did not hold any significant investment.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, the Group did not have any other specific plan for material investments or acquisitions of capital assets as at 30 June 2026.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2026, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

As at 30 June 2026, the Company did not hold any treasury shares.

PLEDGE ON ASSETS

As at 30 June 2026, the Group pledged its bank time deposits of US\$12.8 million as securities for banking facilities granted to the Group.

CHANGES SINCE 31 DECEMBER 2025

Save as disclosed in this announcement, since 31 December 2025, there were no other significant changes in the Group's financial position and there were no other significant changes in relation to the information disclosed under the section headed "Management Discussion and Analysis" in the annual report of the Company for the year ended 31 December 2025.

PROSPECTS

Looking ahead to the second half of 2026, the global economy and major markets are expected to remain subject to a certain degree of uncertainty. The Vietnamese economy is expected to maintain steady growth. However, factors such as external market demand, the international trade environment and macroeconomic developments may continue to affect the overall market.

As for the Vietnamese motorcycle market, motorcycles remain the primary mode of daily transportation for local residents, and overall market demand is expected to remain resilient. As policies promoting the electrification of transportation continue to advance, market competition is expected to intensify further. Leveraging their advantages in terms of affordability, riding range, ease of maintenance and well-established dealership and after-sales service networks, ICE motorcycles are expected to continue to enjoy stable market demand in non-urban areas and regions where usage restrictions have not been implemented. Meanwhile, the electric motorcycle market is expected to continue to benefit from supportive policies and ongoing product development, thereby sustaining its gradual growth.

In response to changes in the market environment and industry landscape, the Group will continue to optimise its product portfolio and enhance product competitiveness. In the Vietnamese market, the Group will launch new colour schemes and upgraded features for the Priti series in the second half of 2026 to enhance product appeal and better meet the needs of young female consumers. Meanwhile, the Group will continue to closely monitor transportation electrification policies and market demand, and will evaluate the deployment of electric motorcycles as appropriate in order to maintain its market competitiveness and respond to evolving market trends. In the export markets, the Group will continue to launch the 150cc scooter series and focus on expanding its presence in Europe, ASEAN, the Middle East and other emerging markets, with a view to further strengthening its product portfolio and market presence.

The Group will continue to capture market opportunities, make timely adjustments to its product strategies and operational deployment, and enhance its product competitiveness and operational resilience in order to respond to changes in market conditions and maintain prudent operations, while striving to create long-term value for the shareholders of the Company.

APPLICATION OF INITIAL PUBLIC OFFERING PROCEEDS

The proceeds from the issuance of new shares in the initial public offering by the Company in December 2007, net of listing expenses, were approximately US\$76.7 million, which will be used in accordance with the manners stated in the prospectus of the Company (the “**Prospectus**”) and the announcement titled “change in use of proceeds” of the Company dated 10 May 2019 (the “**Announcement**”).

The table below sets out the detailed items of the use of proceeds from the initial public offering as at 30 June 2026:

	Net proceeds from the initial public offering as stated in the Prospectus and the Announcement <i>Approximately in US\$’ million</i>	Balance unutilised as at 1 January 2026 <i>Approximately in US\$’ million</i>	Amount utilised during the six months ended 30 June 2026 <i>Approximately in US\$’ million</i>	Balance unutilised as at 30 June 2026 <i>Approximately in US\$’ million</i>
Construction of research and development centre in Vietnam	11.7	-	-	-
Expanding distribution channels in Vietnam				
- Upgrading of existing facilities	4.0	-	-	-
- Establishing of new facilities	15.0	-	-	-
Mergers and acquisitions	9.0	-	-	-
General working capital	2.7	-	-	-
Development of production sites as well as the relocation of existing production facilities	15.0	1.7	0.2	1.5
Land development	19.3	15.1	-	15.1
Total	76.7	16.8	0.2	16.6

The unutilised balance was placed as deposits (including bank deposits) with several reputable financial institutions. For further details, please see the paragraph headed “**Liquidity and Financial Resources**” in this announcement.

As the application for the development of land project with the government authorities of Vietnam is still in progress, the unutilised amount of net proceeds is expected to be fully utilised by 2030.

CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2026, the Company has complied with all applicable code provisions as set out in the Corporate Governance Code (the “**Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Code, and maintain a high standard of corporate governance practices of the Company.

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 C3 to the Listing Rules as the code of conduct in respect of transactions in securities of the Company by the directors of the Company. Having made specific enquiry of all the directors of the Company, the Company confirms that the directors of the Company have complied with the required standard set out in the Model Code for the six months ended 30 June 2026.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within knowledge of the directors of the Company, the Company has maintained a sufficient public float as required under the Listing Rules during the six months ended 30 June 2026 and up to the date of this announcement.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

Subsequent to the six months ended 30 June 2026 and up to the date of this announcement, there were no significant events that might affect the Group.

REVIEW OF INTERIM RESULTS

The unaudited interim results for the six months ended 30 June 2026 and the interim report 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.

The interim results are unaudited, but has been reviewed by the Company’s auditor, KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2026 (for the six months ended 30 June 2025: Nil).

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the HKEXnews website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company’s website at www.vmeph.com. The 2026 interim report of the Company will also be published on the aforesaid websites in due course.

OUR APPRECIATION

Lastly, we would like to express the sincere gratitude to the shareholders of the Company and the suppliers and customers of the Group for their unwavering support. We would also like to thank our dedicated staff for their hard work and contribution to the Group.

By order of the Board
Vietnam Manufacturing and Export Processing (Holdings) Limited
Yeh Huei Fen
Chairperson

Hong Kong, 11 August 2026

As at the date of this announcement, the Board comprised three executive directors, namely Ms. Yeh Huei Fen, Ms. Wu Jui Chiao and Mr. Lin Chun Yu, three non-executive directors, namely Ms. Wu Li Chu, Mr. Chen Hsu Pin and Mr. Liu Ju Cheng and three independent non-executive directors, namely Ms. Lin Ching Ching, Ms. Wu Hui Lan and Ms. Yu Yi Jhen.