
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Vietnam Manufacturing and Export Processing (Holdings) Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank, stockbroker, licensed securities dealer or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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VMEPH
V i e t n a m

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)

**CONTINUING CONNECTED TRANSACTIONS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders**

ALTUS CAPITAL LIMITED

A letter from the Board (as defined herein) is set out on pages 5 to 28 of this circular. A letter from the Independent Board Committee (as defined herein) containing its advice to the Independent Shareholders (as defined herein) is set out on page 29 of this circular. A letter from Altus Capital Limited as independent financial adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 30 to 53 of this circular.

A notice convening the EGM (as defined herein) of Vietnam Manufacturing and Export Processing (Holdings) Limited to be held physically at Meeting Room 200, 3 Chung Hua Road, Hukou, Hsinchu, Taiwan on Friday, 28 March 2025 at 10:00 a.m. is set out on pages 58 to 59 of this circular. A form of proxy for use by the Independent Shareholders at the EGM is enclosed with this circular.

Whether or not you are able to attend the EGM, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time fixed for holding of the EGM (i.e. before 10:00 a.m. on Wednesday, 26 March 2025) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and, in such event, the form of proxy shall be deemed to be revoked.

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DEFINITIONS

In this circular, the following expressions shall have the meanings set out below unless the content requires otherwise:

“Altus” or “Independent Financial Adviser”	Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders as to the Group 1 Transactions and the Group 1 Annual Caps
“Annual Cap(s)”	the maximum aggregate annual value of each of the Continuing Connected Transactions for the three financial years ending 31 December 2025, 2026 and 2027 proposed by the Board
“Board”	the board of Directors of the Company
“Company”	Vietnam Manufacturing and Export Processing (Holdings) Limited (越南製造加工出口(控股)有限公司), an exempted with limited liability company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange
“Continuing Connected Transactions”	collectively the Group 1 Transactions and the Group 2 Transactions
“Director(s)”	director(s) of the Company
“Distributorship Agreement”	the agreement dated 3 December 2024 entered into between the Company and Sanyang in relation to the exclusive distribution by the Group of motorbikes and related parts manufactured by the Sanyang Group in the Exclusive Territory (excluding Vietnam, unless the motorbikes are resold in Vietnam for exhibition purposes)
“EGM”	the extraordinary general meeting of the Company to be held physically at Meeting Room 200, 3 Chung Hua Road, Hukou, Hsinchu, Taiwan on Friday, 28 March 2025 at 10:00 a.m. to consider, and if thought fit, to approve the Group 1 Transactions and the Group 1 Annual Caps
“Exclusive Territory”	all of the member countries of the Association of South East Asian Nations, including Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam
“Group”	the Company and its subsidiaries from time to time
“Group 1 Annual Caps”	the maximum aggregate annual value of each of the Group 1 Transactions for the three financial years ending 31 December 2025, 2026 and 2027 proposed by the Board

DEFINITIONS

“Group 1 Transactions”	the transactions under the Master Purchase Agreement, the Distributorship Agreement and the Master Sales Agreement which are subject to the reporting, annual review, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules
“Group 2 Annual Caps”	the maximum aggregate annual value of each of the Group 2 Transactions for the three financial years ending 31 December 2025, 2026 and 2027 proposed by the Board
“Group 2 Transactions”	the transactions under the Research and Development Services Agreement, the Technology Licence Agreement, the Parts Sales Agreement and the Production Machinery, Moulds and Equipment Purchase Agreement, which are exempt from the Independent Shareholders’ approval requirement but subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules
“HK\$”	Hong Kong Dollar, being the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board which comprises all independent non-executive Directors and was established to advise the Independent Shareholders on, among others, the Group 1 Transactions and the Group 1 Annual Caps
“Independent Shareholders”	Shareholders who are not required to abstain from voting on the resolutions to be proposed at the EGM under the articles of association of the Company and the Listing Rules
“Independent Third Party(ies)”	independent third party(ies) not connected with the Company or its connected persons (as defined in the Listing Rules)
“Latest Practicable Date”	21 February 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“Master Purchase Agreement”	the agreement dated 3 December 2024 entered into between the Company and Sanyang in relation to purchases of motorbike parts by the Group from the Sanyang Group

DEFINITIONS

“Master Sales Agreement”	the agreement dated 3 December 2024 entered into between the Company and Sanyang in relation to, among others, the supply of the Sales Products by the Group to the Sanyang Group
“Parts Sales Agreement”	the agreement dated 3 December 2024 entered into between the Company and Sanyang in relation to sales of motorbike parts by the Group to the Sanyang Group
“PRC”	the People’s Republic of China and for the purpose of this circular, excludes Taiwan, the Macau Special Administrative Region of the PRC and Hong Kong
“Production Machinery, Moulds and Equipment Purchase Agreement”	the agreement dated 3 December 2024 entered into between the Company and Sanyang in relation to purchases of certain production machinery, moulds and equipment by the Group from the Sanyang Group for the manufacture of motorbikes and related parts
“Research and Development Services Agreement”	the agreement dated 3 December 2024 entered into between the Company and Sanyang in relation to research and development services provided by the members of Sanyang Group to the Group
“Sales Products”	motorbike and/or any other products manufactured by the Group or purchased by the Group from Independent Third Parties from time to time (including products in connection with the use and maintenance of motorbikes)
“Sales Services”	all services provided by the Group from time to time in connection with the supply of the Sales Products, including but not limited to motorbike maintenance services and warranty services
“Sanyang”	Sanyang Motor Co., Ltd.(三陽工業股份有限公司), a company incorporated in Taiwan and listed on the Taiwan Stock Exchange, which is the ultimate controlling shareholder of the Company
“Sanyang Global”	Sanyang Global Co., Ltd. (三陽環宇(廈門)實業有限公司), an indirect wholly-owned subsidiary of Sanyang incorporated in the PRC
“Sanyang Group”	Sanyang, its subsidiaries and associates from time to time (excluding the Group)
“SFO”	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of Shares

DEFINITIONS

“Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of HK\$0.01 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SYI”	SY International Ltd., a company incorporated in Samoa with limited liability and a direct controlling shareholder of the Company
“Technology Licence Agreement”	the agreement dated 26 November 2007 entered into between VMEP and Sanyang in relation to grant of an exclusive licence to VMEP to use the technology, know-how, trade secrets and production information owned by Sanyang
“US\$”	United States Dollars, being the lawful currency of the United States
“VMEP”	Vietnam Manufacturing and Export Processing Co., Ltd., a company incorporated in Vietnam and a direct wholly-owned subsidiary of the Company
“VTBM”	Vietnam Three Brothers Machinery Industry Co., Limited (越南三申機械工業股份有限公司), an associate company of the Group and an indirect non-wholly owned subsidiary of Sanyang incorporated in Vietnam
“Xia Shing”	Xiamen Xiashing Motorcycle Co., Ltd. (廈門廈杏摩托有限公司), an indirect non-wholly owned subsidiary of Sanyang incorporated in the PRC
“%”	per cent.

In this circular, unless the context requires otherwise, the terms “associate(s)”, “connected person(s)”, “connected transaction(s)”, “controlling shareholder(s)”, “percentage ratio(s)”, “subsidiary(ies)” and “substantial shareholder(s)” shall have the meaning given to such terms in the Listing Rules.

LETTER FROM THE BOARD

VMEPH

V i e t n a m

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)

Executive Directors:

Mr. Liu Wu Hsiung (*Chairman*)

Ms. Wu Jui Chiao

Mr. Lin Chun Yu

Non-executive Directors:

Ms. Wu Li Chu

Mr. Chen Hsu Pin

Mr. Liu Ju Cheng

Independent non-executive Directors:

Ms. Lin Ching Ching

Mr. Cheung On Kit Andrew

Ms. Wu Hui Lan

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Principal Place of Business in Hong

Kong:

40th Floor, Dah Sing Financial Centre

No. 248 Queen's Road East

Wanchai, Hong Kong

24 February 2025

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated 3 December 2024 in which the Company announced, among others, that as the previous agreements relating to the Continuing Connected Transactions (except for the Technology Licence Agreement) had expired on 31 December 2024, the Company had, on 3 December 2024, entered into new agreements in relation to the Continuing Connected Transactions (except for the Technology Licence Agreement) each with a term of three years ending on 31 December 2027. The Board also proposes the Group 1 Annual Caps for the Group 1 Transactions for the three years ending 31 December 2027.

LETTER FROM THE BOARD

The Independent Board Committee has been established by the Company to advise the Independent Shareholders in respect of the Group 1 Transactions and the Group 1 Annual Caps. Altus has been appointed by the Company as its independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the above matters.

The purpose of this circular is to provide you with details of the Continuing Connected Transactions and the Annual Caps, and to seek your approval of the ordinary resolutions set out in the notice of the EGM on pages 58 to 59 of this circular. The recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Group 1 Transactions and the Group 1 Annual Caps is set out on page 29 of this circular. The letter from Altus to the Independent Board Committee and the Independent Shareholders containing its advice in relation to the Group 1 Transactions and the Group 1 Annual Caps is set out on pages 30 to 53 of this circular.

PRINCIPAL TERMS OF THE CONTINUING CONNECTED TRANSACTIONS, REASONS AND BENEFITS

Group 1 Transactions

(A) *Master Purchase Agreement*

Date: 3 December 2024

Parties: (a) the Company (on behalf of other members of the Group) as the purchaser; and
(b) Sanyang (for itself and on behalf of other members of the Sanyang Group) as the seller

Term: 1 January 2025 to 31 December 2027

Background

The Group has been sourcing certain motorbike parts from Sanyang and other members of the Sanyang Group for its production of motorbikes. As the previous purchase agreement with Sanyang had expired on 31 December 2024, on 3 December 2024, the Company had entered into the Master Purchase Agreement with Sanyang, to continue to engage the Sanyang Group to supply motorbike parts to the Group upon expiry of the previous agreement. The relevant suppliers of motorbike parts under the Master Purchase Agreement are members of the Sanyang Group (including direct or indirect, and wholly-owned or non-wholly owned subsidiaries) from time to time, which include but are not limited to Sanyang, VTBM, Sanyang Global and Xia Shing, which are engaged in manufacturing or sourcing of various motorbike parts in different countries and regions.

LETTER FROM THE BOARD

Major terms and pricing for the Master Purchase Agreement

Under the Master Purchase Agreement, the Group purchases certain motorbike parts from the Sanyang Group which are either manufactured by the Sanyang Group or sourced by it from Independent Third Parties, for the Group's production of motorbikes. The motorbike parts to be sourced from Sanyang include electronic fuel injection components, engine control units, carburetors, clutches and cylinder heads, while that to be sourced from other members of the Sanyang Group include fuel tanks, frames and rear shafts manufactured in Vietnam by VTBM, centrifugal clutches, cam shafts, pistons, cylinders and gears from Sanyang Global and Xia Shing sourced by them from Independent Third Parties in the PRC. The Group may also source other motorbike parts from other members of the Sanyang Group from time to time should it be required by its production process.

The price of sourcing of motorbike parts from members of the Sanyang Group is at a cost plus basis. Sanyang Group charges the Group at the manufacturing cost or purchase cost (as the case may be) of such products plus a margin not exceeding 12%, the exact amount of which shall be discussed and agreed between the Group and the Sanyang Group with respect to each of the products and shall be confirmed in the respective purchase orders. The above manufacturing cost or purchase cost (as the case may be) will be on normal commercial terms and determined subject to minor adjustments with respect to fluctuations in foreign exchange rates (which shall be reviewed quarterly) and with respect to modifications to model of motorbikes in which the products to be purchased by the Group from Sanyang pursuant to the Master Purchase Agreement is used (which shall be reviewed annually before annual quotations are provided by the Group to its customers, for practical efficiency reasons in view of the large variety of products).

The Group shall settle the purchase costs under the Master Purchase Agreement in cash within 30 to 60 days (as the case may be) after the date of the invoice unless the relevant parties determined otherwise in the individual purchase orders.

The Master Purchase Agreement is a framework agreement which provides the principles, mechanism and terms and conditions for the Group's purchase of motorbike parts from the Sanyang Group. Individual purchase orders will be entered into between the relevant members of the Group and Sanyang Group from time to time which will specify the types of motorbike parts to be purchased, price, delivery arrangements and any other terms which may be relevant to the supply of the parts to the Group. The individual purchase orders may only contain provisions which are in all material respects consistent with the binding principles, guidelines, terms and conditions set out in the Master Purchase Agreement.

Reasons and benefits for the Master Purchase Agreement

The Group purchases motorbike parts from the Sanyang Group rather than directly from Independent Third Party suppliers because, by centralising and aggregating the Sanyang Group's sourcing of such parts with those of the Group's, the Sanyang Group is in a position to negotiate better purchase price and terms with the suppliers and enjoy benefits of bulk purchase, which also benefits the Group as the Sanyang Group will be able to supply the parts to the Group at lower costs.

LETTER FROM THE BOARD

For motorbike parts which are currently sourced by the Sanyang Group from suppliers outside Vietnam as they are either unavailable or not of acceptable quality or pricing in Vietnam, the Sanyang Group also provides quality testing, packaging, customs clearance and logistics services on the motorbike parts sold to the Group at a lower cost than that for the Group to engage Independent Third Parties outside Vietnam to provide similar services.

Apart from sourcing from Sanyang, the Group also sources certain motorbike parts from other members of the Sanyang Group (such as Sanyang Global and Xia Shing) in the PRC. It enables the Group to secure a cost effective and stable source of supply of motorbike parts as motorbike parts are supplied at a lower cost in the PRC than in other countries due to lower labour costs and production costs in the PRC. Whilst the rising costs of sourcing from the PRC are primarily attributed to the fluctuation of Renminbi, by centralising purchase from/with the Sanyang Group instead of making separate purchase orders to independent suppliers, the Group is able to mitigate and minimise the impact of the increasing sourcing costs. In sourcing the relevant motorbike parts from the Sanyang Group, the Sanyang Group also assists the Group to conduct surveys and perform quality checks on suppliers which are based in the PRC to ensure that the parts supplied by them meet the requirement and standards of the Group.

The Group sources motorbike parts from the Sanyang Group (such as VTBM) locally in Vietnam for production in its production plant located near the Group's plants. This will reduce transportation costs and delivery time due to the proximity between the manufacturing plants of the Sanyang Group and those of the Group's, as compared to sourcing from other suppliers. Sourcing motorbike parts from the Sanyang Group in Vietnam will also bring flexibility to the Group and allows it to meet unexpected increase of orders or other market contingencies.

Due to the rapid growth in the economy of Vietnam and the expansion of the Group's business in the Exclusive Territory, an increasing number and types of motorbike parts manufactured by the Sanyang Group or sourced by it from Independent Third Parties are used for the manufacture of motorbikes by the Group. The Sanyang Group also provides alteration, adaptation and modification to some of the motorbike parts to suit the Group's specific need on the respective motorbike models manufactured by the Group. Therefore, the Group also relies on such modification and value-add services from the Sanyang Group to ensure the motorbike parts are suitable and ready for installation and application on the Group's products. As compared to the costs incurred under the Group's own efforts to research, produce and adapt numerous specific parts for its various motorbike models, direct sourcing from the Sanyang Group is considered more cost effective. As such, the Sanyang Group is often the only supplier of each unique type of motorbike part in the market and it is thus not always feasible for the Group to obtain quotations from Independent Third Parties for similar types of products and services for comparison.

LETTER FROM THE BOARD

The maximum margin charged by the Sanyang Group under the Master Purchase Agreement, being not more than 12% above the manufacturing cost or purchase cost (as the case may be) of each product, is determined with reference to the average overall and motorcycle-related gross profit margin levels of the Sanyang Group (being approximately 21% and 17%, respectively) and is, based on available information, comparable to or not higher than those commonly charged by the Sanyang Group for similar motorbike parts in its transactions with independent customers. In addition, the Group has full discretion to determine and accept the final purchase price of the motorbike parts to be supplied by the Sanyang Group under the Master Purchase Agreement provided that it is lower than the 12% margin ceiling. The Group will only source such products from the Sanyang Group if the Group considers the pricing terms to be fair and reasonable to the Group.

Taking into account the above, along with the Sanyang Group's production capacity and relevant experience in supplying motorbike parts to motorbike manufacturers, quality of the motorbike parts supplied, and the established business relationship with the Group from which the Sanyang Group gained profound understanding of the Group's product specification and production need, the Board considers the Sanyang Group a long term business partner and reliable supplier of motorbike parts of the Group and thus it is more efficient in terms of costs and time to source relevant motorbike parts from the Sanyang Group to capture and respond to anticipated market demands.

(B) *Distributorship Agreement*

Date: 3 December 2024

Parties: (a) the Company (on behalf of other members of the Group) as the distributor; and
(b) Sanyang (for itself and on behalf of other members of the Sanyang Group) as the supplier

Term: 1 January 2025 to 31 December 2027

Major terms and pricing terms of the Distributorship Agreement

Under the Distributorship Agreement, the Group acts as the exclusive distributor of certain motorbikes and related parts manufactured by the Sanyang Group in the Exclusive Territory (except in the case of Vietnam, the Company will only be entitled to re-sell such motorbikes to customers in Vietnam solely for use in exhibitions). The Group only purchases products from the Sanyang Group when confirmed customer orders are received and the motorbikes to be distributed are restricted to those models which the Group does not produce. The Sanyang Group sells such products to the Group at a price that is at least 3.5% lower than the indicative sales price of such products proposed to be sold by the Group to independent end-customers (where the administrative and operating expenses attributable to the distributorship operations of the Group and the historical overall net profit margin levels of the Group have been taken into account in arriving at such minimum percentage). The Group shall pay for all purchases made under the Distributorship Agreement in cash within 30 to 60 days (as the case may be) after the date of the invoice unless the relevant parties determined otherwise in the relevant purchase order.

LETTER FROM THE BOARD

Reasons and benefits for the Distributorship Agreement

Through distribution of specific models of motorbikes and related parts manufactured by the Sanyang Group (which model the Group does not produce) in the Exclusive Territory, the Group can retain the end-customers in the Exclusive Territory who purchase specific models of motorbike manufactured by the Sanyang Group. The Group may leverage on the customer base of the Sanyang Group as a gateway for expanding its own customer base within the Exclusive Territory, increasing its market shares and promoting its corporate and brand recognition. The pricing basis as agreed under the Distributorship Agreement also ensures that the Group will have a minimum guaranteed profit of at least 3.5% of the sales price on each product the Group distributes or re-sells to end-customers in the Exclusive Territory.

(C) *Master Sales Agreement*

Date: 3 December 2024

Parties: (a) the Company (on behalf of the members of the Group) as the supplier; and
(b) Sanyang (for itself and on behalf of other members of the Sanyang Group) as the purchaser

Term: 1 January 2025 to 31 December 2027

Major terms and pricing terms of the Master Sales Agreement

Under the Master Sales Agreement, the Company (on behalf of each member of the Group) has agreed to supply to the Sanyang Group the Sales Products and the Sales Services. The Sanyang Group may from time to time purchase Sales Products and Sales Services from the Group. If the Sanyang Group places a purchase order for any Sales Product and/or Sales Services with the Group and such purchase order is accepted by the Group, the Group shall supply the Sanyang Group with such Sales Product and/or Sales Services in accordance with the terms of the Master Sales Agreement and the relevant purchase order.

The price of supplying the Sales Products and Sales Services to members of the Sanyang Group shall be no less favourable to the Group than the price charged by the Group to customers who are Independent Third Parties for the sale of the same, substantially similar or comparable levels or categories or types (where applicable) of such products.

The Sanyang Group shall settle the purchase costs under the Master Sales Agreement in cash within 30 to 60 days (as the case may be) after the date of the invoice unless the relevant parties determined otherwise in the individual purchase orders.

LETTER FROM THE BOARD

The Master Sales Agreement is a framework agreement which provides the principles, mechanism and terms and conditions for the Sanyang Group's purchase of the Sales Products and Sales Services from the Group. Individual purchase orders will be entered into between the relevant members of the Group and the Sanyang Group from time to time which will specify the particulars of the Sales Products to be purchased, price, delivery arrangements, whether any of the Sales Services is required, and any other terms which may be relevant to the supply of Sales Products to the Sanyang Group. The individual purchase order may only contain provisions which are in all material respects consistent with the binding principles, guidelines, terms and conditions set out in the Master Sales Agreement.

Reasons and benefits for the Master Sales Agreement

In terms of the export of motorbikes, the Group mainly exports motorbikes to member countries of the Association of South East Asian Nations, including Malaysia, the Philippines, Singapore and Thailand.

The Sanyang Group is a well-established manufacturer, supplier and distributor of motorbikes and related parts internationally. Taking into account the Sanyang Group's relevant experience in selling motorbikes to retailers in the European markets which the Group has yet to establish a major presence and the established business relationship with the Group from which the Sanyang Group gained profound understanding of the Group's products and distribution needs, the Board considers the Sanyang Group a long term business partner of the Group and thus it is efficient to supply the Sales Products to the Sanyang Group to establish market presence of the Group in European markets, as well as to capture and respond to anticipated market demands.

The Sanyang Group shall purchase the Sales Products for its onwards distribution to retailers in territories in respect of which the Group has not established direct sales and export channels, being mainly European countries.

Through the Sanyang Group's onwards distribution of specific models of motorbikes manufactured by the Group, the Group can leverage on the customer base and expertise of the Sanyang Group as a gateway and platform for capturing and expanding its own customer reach and sales opportunities, especially in the European markets, increasing its market shares and promoting its corporate and brand recognition. The Group is also not restricted from engaging further purchasers or distributors other than Sanyang Group to sell or distribute motorbikes manufactured by the Group or selling the Group's motorbikes directly to end-customers, and can thereby continue to expand its customer base and expand its market presence.

LETTER FROM THE BOARD

Group 2 Transactions

(D) *Research and Development Services Agreement*

Date: 3 December 2024

Parties: (a) the Company (on behalf of the members of the Group) as the purchaser; and
(b) Sanyang (for itself and on behalf of other members of the Sanyang Group) as the seller

Term: 1 January 2025 to 31 December 2027

Major terms and pricing terms of the Research and Development Services Agreement

Under the Research and Development Services Agreement, Sanyang and certain members of the Sanyang Group provide research and development services to the Group, including assigning their research support staff to work for the Group over a period of time as requested by the Group, and to provide research and development services to the Group with respect to specific new models developed by the Group on a project basis.

In relation to the assignment of its research support staff to work for the Group, the Sanyang Group charges the Group at a fixed rate of US\$250 per staff per working day spent on the provision of such support services. In relation to the provision of research and development services to the Group which involves the use of any materials, parts and moulds, the Sanyang Group charges the service fees at a cost plus basis, which will be determined at the manufacturing cost or purchase cost of any materials and other costs incurred by the Sanyang Group in providing such services (as the case may be) plus a margin not exceeding 12%, the exact amount of which shall be discussed and agreed between the Group and the Sanyang Group with respect to the respective materials, parts and moulds and shall be confirmed in the respective orders. The Sanyang Group shall, prior to the Group engaging it to provide research and development services, prepare a proposal to the Group which includes an estimate of working hours of research support staff and costs of any materials required for such services. Sanyang Group agrees that it will charge the Group the service fees at the similar rates as it charges its other members, and the fees payable by the Group to the Sanyang Group shall not be higher than that payable by other members of Sanyang Group for the same services. The Group shall pay for all research and development services made under the Research and Development Services Agreement in cash within 30 to 60 days (as the case may be) after the date of invoice unless the relevant parties determined otherwise in the relevant order.

Reasons and benefits for the Research and Development Services Agreement

The Sanyang Group and its employees have the required expertise and skills and are well-acquainted with the technical specifications of the motorbikes manufactured by the Group given the long history of the Sanyang Group's involvement in motorbike production. The Board believes the research and development services can improve the quality and speed of launching new models in response to customers' needs from time to time.

LETTER FROM THE BOARD

The Sanyang Group is often the only supplier of each unique type of research and development service in the market and it is thus not always feasible for the Company to obtain quotations from Independent Third Parties for similar types of services for comparison.

The maximum margin charged by the Sanyang Group under the Research and Development Services Agreement for the use of any materials, parts and moulds, being not more than 12% above the manufacturing cost or purchase cost of each material or other costs incurred (as the case may be), is determined with reference to the average overall and motorcycle-related gross profit margin levels of the Sanyang Group (being approximately 21% and 17%, respectively) and is, based on available information, comparable to or not higher than those commonly charged by the Sanyang Group for similar materials in its transactions with other customers. In addition, the Group has full discretion to determine and accept the service fees under the Research and Development Services Agreement provided that they are lower than the 12% margin ceiling. The Group will only source such services from the Sanyang Group if the Group considers the pricing terms to be fair and reasonable to the Group.

(E) *Technology Licence Agreement*

Date: 26 November 2007

Parties: (a) VMEP as the licensee; and
(b) Sanyang as the licensor

Major terms and pricing terms of the Technology Licence Agreement

The Technology Licence Agreement was entered into between VMEP (a wholly-owned subsidiary of the Company) and Sanyang on 26 November 2007, and will continue in force for so long as Sanyang is a controlling shareholder of the Company and for a further period of 20 years after Sanyang ceases to be a controlling shareholder of the Company, subject to certain termination events as set out in the Technology Licence Agreement.

Under the Technology Licence Agreement, Sanyang has granted an exclusive licence to VMEP to use the technology, know-how, trade secrets and production information owned by Sanyang in connection with the Group's manufacture and sale of "SYM" brand motorbikes and related parts in the Exclusive Territory. The licence fee as provided for in the Technology Licence Agreement is 4% of the annual net selling price of products manufactured using such technology from Sanyang and sold by VMEP. The Group shall settle all undisputed invoices within 60 days from the last day of each six-month period in each calendar year.

LETTER FROM THE BOARD

Reasons and benefits for the Technology Licence Agreement

Sanyang owns the proprietary right to the technology, know-how, trade secrets and production information in connection with the manufacture and sale of “SYM” brand motorbikes and related parts. As the sales of “SYM” brand products contribute to a significant percentage of the Group’s turnover, the Board considers the continued use of such technology and related intellectual property rights which enables the Group to continue manufacturing and selling “SYM” brand motorbikes and related parts is essential to the Group’s operations and continued growth.

(F) *Parts Sales Agreement*

Date: 3 December 2024

Parties: (a) Sanyang (for itself and on behalf of other members of the Sanyang Group) as the purchaser; and

(b) the Company (on behalf of the members of the Group) as the seller

Term: 1 January 2025 to 31 December 2027

Major terms and pricing terms of the Parts Sales Agreement

Under the Parts Sales Agreement, the Group sells to the Sanyang Group motorbike parts such as connecting rods, side and body covers, panels and battery lids. The pricing at which motorbike parts are to be sold by the Group to the Sanyang Group under such agreement is at a cost plus basis, which will be determined at the manufacturing cost or purchase cost (as the case may be) of such products plus a margin not exceeding 12%, the exact amount of which shall be discussed and agreed between the Group and the Sanyang Group with respect to each of the products and shall be confirmed in the respective purchase orders. The Sanyang Group shall pay for all purchases under the Parts Sales Agreement in cash within 30 to 60 days (as the case may be) after the date of the invoice unless the relevant parties determined otherwise in the relevant purchase order.

Reasons and benefits for the Parts Sales Agreement

The Group provides alteration, adaptation and modification to some of the motorbike parts to suit the Sanyang Group’s specific need on the respective motorbike models manufactured by the Sanyang Group. The Board believes it is in its best interests to generate an additional source of income, increase the utilisation rate and hence economies of scale of the Group’s production facilities by carrying out sales of motorbike parts to the Sanyang Group in response to their needs from time to time, provided that the terms of such purchases are considered to be fair and reasonable to the Group.

LETTER FROM THE BOARD

The maximum margin charged by the Group under the Parts Sales Agreement, being not more than 12% above the manufacturing cost or purchase cost (as the case may be) of each product, is determined with reference to the relevant operating expenses and is comparable to or not lower than those commonly charged by the Group for the provision of other motorbike parts in its transactions with Independent Third Parties (which are determined in view of communications by the Group with industry peers on relevant market conditions). In addition, the Group has full discretion to determine and accept the final selling price of the motorbike parts to be supplied to the Sanyang Group under the Parts Sales Agreement and it will only supply such alteration, adaptation and modification to the motorbike parts as required by the Sanyang Group if the Group considers the pricing terms to be fair and reasonable to the Group.

(G) *Production Machinery, Moulds and Equipment Purchase Agreement*

Date: 3 December 2024

Parties: (a) the Company (on behalf of the members of the Group) as the purchaser; and
(b) Sanyang (for itself and on behalf of other members of the Sanyang Group) as the seller

Term: 1 January 2025 to 31 December 2027

Major terms and pricing terms of the Production Machinery, Moulds and Equipment Purchase Agreement

Under the Production Machinery, Moulds and Equipment Purchase Agreement, the Group purchases certain production machinery, moulds and equipment for the production of motorbikes and related parts from Sanyang Group which are either manufactured by the Sanyang Group or sourced by it from Independent Third Parties. The price of sourcing of production machinery, moulds and equipment from the Sanyang Group is at a cost plus basis. Sanyang Group charges the Group at the manufacturing cost or purchase cost (as the case may be) of such production machinery, moulds and equipment plus a margin not exceeding 12%, the exact amount of which shall be discussed and agreed between the Group and the Sanyang Group with respect to each of the products and shall be confirmed in the respective purchase orders. The Group shall pay for all purchases made under the Production Machinery, Moulds and Equipment Purchase Agreement in cash within 30 to 60 days (as the case may be) after the date of the invoice unless the relevant parties determined otherwise in the relevant purchase order.

LETTER FROM THE BOARD

Reasons and benefits for the Production Machinery, Moulds and Equipment Purchase Agreement

The Sanyang Group provides alteration, adaptation and modification to some of the production machinery, moulds and equipment to suit the Group's specific production need. The Group can secure a stable supply of high quality production machinery, moulds and equipment which are either manufactured by the Sanyang Group in Taiwan and/or the PRC or purchased by the Sanyang Group from Independent Third Parties. Such production machinery, moulds and equipment are more suitable and of a higher quality than as compared with those manufactured by local manufacturers in Vietnam.

The maximum margin charged by the Sanyang Group under the Production Machinery, Moulds and Equipment Purchase Agreement, being not more than 12% above the manufacturing cost or purchase cost (as the case may be) of each product, is determined with reference to the average overall and motorcycle-related gross profit margin levels of the Sanyang Group (being approximately 21% and 17%, respectively) and is, based on available information, comparable to or not higher than those commonly charged by the Sanyang Group for similar production machinery, moulds and equipment in its transactions with other customers. As the Sanyang Group is often the only supplier or distributor of each unique type of production machinery, mould and equipment in the market, it is not always feasible for the Company to obtain quotations from Independent Third Parties for similar types of products for comparison. In addition, the Group has full discretion to determine and accept the final purchase price of the production machinery, moulds and equipment to be supplied by the Sanyang Group under the Production Machinery, Moulds and Equipment Purchase Agreement provided that it is lower than the 12% margin ceiling. The Group will only source such products from the Sanyang Group if the Group considers the pricing terms to be fair and reasonable to the Group.

LETTER FROM THE BOARD

INTERNAL CONTROL MEASURES

The Company has established internal control measures to ensure that the Continuing Connected Transactions are in accordance with the pricing policies and the terms of the relevant agreements, and that the price of the relevant products and services to be purchased from/sold to the Sanyang Group are on normal commercial terms or better to the Company. Such internal control measures employed by the Group include the following:

- (i) the sales and procurement departments of the Company shall submit to the finance department of the Company all the orders under the relevant agreements (the “**Order(s)**”) for review and approval, and the finance department of the Company shall ensure the terms, including but not limited to the purchase/selling price and settlement terms, are in compliance with the relevant agreements under which the transactions are entered into, and in this connection it must be satisfied that (a) the pricing policies and internal procedures adopted by the Company have been fully complied with; (b) each transaction thereunder are on normal commercial terms or better to the Company; (c) the purchase price of the relevant products and services from the Sanyang Group align with the Group’s relevant business needs and expectations and such prices are no more than those offered by the Sanyang Group to independent customers for the sale or provision of the same or substantially similar types of products and services (where such information is available); and (d) the selling price of the relevant products and services to the Sanyang Group are no less than the price charged by the Group to customers who are Independent Third Parties for the sale or provision of the same or substantially similar types of products and services (where such information is available);
- (ii) in relation to the transactions with the Sanyang Group the pricing of which are determined on a cost plus basis, including the transactions pursuant to the Master Purchase Agreement, the Research and Development Services Agreement, the Parts Sales Agreement and the Production Machinery, Moulds and Equipment Purchase Agreement, the Company shall (a) determine the applicable margin percentage by discussing with the Sanyang Group and cross-checking the relevant product type against the internal pricing guidelines maintained by the finance department of the Company which stipulates the recommended margin percentages for different types of products (which are determined with reference to the average historical margin percentages applied generally under transactions with the Sanyang Group and/or Independent Third Parties), upon which the Company shall notify the Sanyang Group of the final determined percentage; and (b) (in relation to the purchase of products and services from the Sanyang Group only) request the Sanyang Group to provide it with 20 relevant records per year from each selling entity of the Sanyang Group detailing the manufacturing cost and/or purchase cost of the products and services incurred by the Sanyang Group, in order to ensure that such manufacturing cost and/or purchase cost of the products and services are reasonable and accurately reflected in the final purchase price;

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- (iii) in relation to the transactions pursuant to the Master Sales Agreement, (a) the finance department of the Company will maintain a list of, among others, prices and settlement terms of products and services charged and offered by the Group to customers who are Independent Third Parties and to the Sanyang Group (the “**Comparison List**”) for cross-checking. As each specific model of motorbike is only sold to one other Independent Third Party customer, the Group will compare the prices and settlement terms of each type of product and service with reference to each of such customer; (b) upon the satisfactory review and approval of the Orders by the finance department of the Company, the sales department of the Company shall submit, for the general manager’s approval, execution requests for the Orders, which shall include the selling price and settlement terms thereunder, together with the Comparison List; and (c) checking will be performed on the transaction amounts to ensure that the actual selling prices of the Sales Products and Sales Services are in accordance with the standard wholesale price list of the Sales Products and Sales Services and the agreed sales terms pursuant to the Master Sales Agreement;
- (iv) a monthly report will be prepared to check the accumulated transaction amounts against the relevant annual cap for the period/financial year. In case the accumulated transaction amount is about to reach the relevant annual cap, the Company will seek to revise the annual cap and re-comply with the requirements under Chapter 14A of the Listing Rules as appropriate; and
- (v) the independent non-executive Directors shall, and the Company shall engage its external auditors to, conduct annual review of the Continuing Connected Transactions in accordance with the Listing Rules requirements.

The Board considers that the above internal control measures could effectively ensure that the pricing and terms of the transactions contemplated under the relevant agreements are conducted on normal commercial terms or better to the Company and in accordance with the pricing policy as agreed under the relevant agreements.

LETTER FROM THE BOARD

HISTORICAL TRANSACTION AMOUNTS AND PROPOSED ANNUAL CAPS

Historical transaction amounts of the Continuing Connected Transactions

The table below sets out the historical transaction amounts of the Continuing Connected Transactions with utilisation rates of the respective annual caps approved for the relevant years for the three years ended 31 December 2022, 2023 and 2024:

(in US\$)	Transaction amounts for the year ended 31 December 2022 (utilisation rates compared to the respective annual caps (%))	Transaction amounts for the year ended 31 December 2023 (utilisation rates compared to the respective annual caps (%))	Transaction amounts for the year ended 31 December 2024 (based on management accounts of the Group up to 31 December 2024) (utilisation rates compared to the respective annual caps (%))
(A) Master Purchase Agreement	44,130,807 (70.54%)	25,736,528 (35.25%)	13,559,642 (17.34%)
(B) Distributorship Agreement	3,615,488 (65.38%)	3,628,230 (67.07%)	18,921,585 (99.59%)
(C) Master Sales Agreement	N/A (N/A)	N/A (N/A)	4,202,896 (58.37%)
(D) Research and Development Services Agreement	– (0%)	– (0%)	– (0%)
(E) Technology Licence Agreement	774,399 (75.62%)	806,317 (58.73%)	117,001 (18.00%)
(F) Parts Sales Agreement	237,595 (20.84%)	218,642 (19.18%)	264,006 (23.16%)
(G) Production Machinery, Moulds and Equipment Purchase Agreement	25,907 (4.55%)	119,137 (18.33%)	50,591 (16.86%)

The actual transaction amounts of the Continuing Connected Transactions for the three years ended 31 December 2022, 2023 and 2024 had not exceeded the respective annual caps of the relevant year.

LETTER FROM THE BOARD

Proposed Annual Caps of the Continuing Connected Transactions and the basis of determination

The Board proposes that the Annual Caps for the Continuing Connected Transactions for the years ending 31 December 2025, 2026 and 2027 be set as follows:

(in US\$)	Annual Cap for the year ending 31 December 2025	Annual Cap for the year ending 31 December 2026	Annual Cap for the year ending 31 December 2027
Group 1 Transactions			
(A) Master Purchase Agreement	39,300,000	49,100,000	58,100,000
(B) Distributorship Agreement	30,660,000	34,270,000	37,200,000
(C) Master Sales Agreement	20,220,000	24,000,000	26,300,000
Group 2 Transactions			
(D) Research and Development Services Agreement	1,800,000	1,600,000	1,800,000
(E) Technology Licence Agreement	400,000	701,000	920,000
(F) Parts Sales Agreement	500,000	500,000	500,000
(G) Production Machinery, Moulds and Equipment Purchase Agreement	750,000	550,000	650,000

The Annual Caps have been determined by the Board based on the historical transaction amounts of the Continuing Connected Transactions and the expected growth and expansion of the Company's manufacturing and sales for the coming three years, taking into account the following factors:

- (i) historical growth rates of the turnover of the Group and the relevant transaction amounts of the respective transactions;
- (ii) historical percentages of the relevant values of the subject transactions to the turnover of the Group;
- (iii) internal projected and/or targeted growth in turnover and sales volume of the Group;
- (iv) a demand estimation for products and services to be purchased from/sold to the Sanyang Group in view of the demand in newly-expanded markets (such as Italy, Germany and France);

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- (v) the annual caps and the utilisation rates of the annual caps of the Continuing Connected Transactions for the three years ended 31 December 2022, 2023 and 2024 (where applicable);
- (vi) the transaction amounts of the subject transactions during the current financial year;
- (vii) the expected rising costs of sourcing from the Sanyang Group as a result of the fluctuation of New Taiwan Dollar and Renminbi and the constantly rising costs of raw materials;
- (viii) the expected increase in average unit price of the motorbike parts offered by independent suppliers due to inflation and increased production cost;
- (ix) the ongoing diversification of Company business by expanding production to new models which will deploy advance technology components like electronic fuel injection engines; and
- (x) projected increase in the amount of the subject transactions for the purpose of reserved stocks to avoid disruption to Company business in the case of contingency.

In particular, the following factors were taken into account by the Board in determining the Annual Caps in respect of the Continuing Connected Transactions:

(A) *Master Purchase Agreement*

- (i) the increased number of projected purchase orders for “Lambretta” motorcycles, with the projected procurement costs (including, among others, the purchase of motorbike parts) being approximately US\$1.9 million, US\$2.0 million and US\$2.3 million for each of the years ending 31 December 2025, 2026 and 2027;
- (ii) the Group launched two new models during the year ended 31 December 2024 and expects to launch approximately five new or updated models for the three years ending 31 December 2027 in Europe, in order to actively expand its sales channels in the European market, with the projected procurement costs for both existing and new or updated models in Europe (including, among others, the purchase of motorbike parts) being approximately US\$12.2 million, US\$14.7 million and US\$17.0 million for each of the years ending 31 December 2025, 2026 and 2027;
- (iii) the Group targets to continue its expansion in the Thailand market, with relevant projected procurement costs (including, among others, the purchase of motorbike parts) being approximately US\$6.4 million, US\$7.3 million and US\$8.5 million for each of the years ending 31 December 2025, 2026 and 2027;

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- (iv) the Group launched a new model during the year ended 31 December 2024 and expects to launch approximately two to three new or updated models for the three years ending 31 December 2027 in the Philippines and Malaysia, in order to continue its expansion in the Philippines and Malaysia markets, with the projected procurement costs for both existing and new or updated models in the Philippines and Malaysia (including, among others, the purchase of motorbike parts) being approximately US\$8.2 million, US\$9.9 million and US\$11.5 million for each of the years ending 31 December 2025, 2026 and 2027; and
- (v) the Group launched two new models in Vietnam in June 2024 and September 2024 and expects to launch four new or updated models during the three years ending 31 December 2027, which are, together, expected to form a significant part of the Group's sales in Vietnam for the three years ending 31 December 2027, with the projected procurement costs for both existing and new or updated models in Vietnam (including, among others, the purchase of motorbike parts) being approximately US\$10.6 million, US\$15.1 million and US\$18.8 million for each of the years ending 31 December 2025, 2026 and 2027.

(B) *Distributorship Agreement*

- (i) the Group targets a sale of approximately 17,000, 19,000 and 20,000 units of SYM brand motorbikes under its existing and new business lines of the distribution of such bikes for each of the year ending 31 December 2025, 2026 and 2027 in view of the steady demand for the HUSKY 150 model motorbikes since their launch in April 2024 and the expected demand for two new motorbike models expected to be launched within the three years ending 31 December 2027; and
- (ii) the Group targets to provide after-sales motorbike parts (such as motorbike parts for repair and maintenance) to its customers in response to consumers' preferences, which are expected to account for approximately 4.01%, 3.94% and 4.03% of the relevant Annual Caps for each of the years ending 31 December 2025, 2026 and 2027.

(C) *Master Sales Agreement*

- (i) a demand estimation for existing and new products for each of the years ending 31 December 2025, 2026 and 2027, with the total estimated sales of both existing and new products being approximately 14,000, 16,000 and 18,000 units at an average price of approximately US\$1,400 per unit (where the prices charged for the sales of motorbikes (and other relevant products where applicable) and the provision of relevant services have been taken into account in arriving at such average price) in view of (a) the seven new products which have been launched in the year ended 31 December 2024 (and subsequent demand for relevant services) and (b) the estimated increase in demand in European countries for the Group's existing core products and relevant services as a result of the Group's expanded sales channels in Europe.

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(D) *Research and Development Services Agreement*

- (i) the Group targets to launch a new model in Vietnam and Europe starting from the year ending 31 December 2025. Taking into account the average historical costs incurred under the research and development of models with similar specifications as the model to be launched, the Group expects that relevant research and development costs would comprise approximately US\$200,000 for oil clay modelling, approximately US\$300,000 for new specification component testing, approximately US\$100,000 for vehicle durability testing and approximately US\$200,000 for vehicle characteristics tuning for the year ending 31 December 2025;
- (ii) the Group targets to adjust the appearances and/or performance of three models in the year ending 31 December 2026 and four models in the year ending 31 December 2027. Taking into account the historical costs incurred under the research and development of models with similar specifications as the models to be updated, the Group expects that relevant research and development costs for each of such updated model in each corresponding year would comprise approximately US\$50,000 for oil clay modelling, approximately US\$150,000 for new specification component testing, approximately US\$100,000 for vehicle durability testing and approximately US\$100,000 for vehicle characteristics tuning; and
- (iii) the Group targets to make slight adjustments to the appearances of five models in the year ending 31 December 2025, two models in the year ending 31 December 2026 and one model in the year ending 31 December 2027. Taking into account the historical costs incurred under the research and development of models with similar specifications as the models to be updated, the Group expects that relevant research and development costs for each of such updated model in each corresponding year would comprise approximately US\$100,000 for vehicle durability testing and approximately US\$100,000 for vehicle characteristics tuning.

(E) *Technology Licence Agreement*

- (i) the decrease in the actual transaction amount for the year ended 31 December 2024 as compared to the actual transaction amounts for the two years ended 31 December 2022 and 2023 under the Technology Licence Agreement, mainly due to the lower-than-expected demand for products manufactured using technology from Sanyang and sold by VMEP as a result of intense competition in the market;
- (ii) based on the expected sales of VMEP of approximately 65,000, 78,000 and 93,600 units of “SYM” brand motorbikes and related parts (in view of the Group’s market research findings and its related online and offline promotions and active expansion in its sales channels in Vietnam) and taking into account the average historical fees incurred under the Technology Licence Agreement, the Group estimates that the technology licence fees in respect of various existing, new or updated models expected to be sold in Vietnam would be approximately US\$57,000, US\$173,000 and US\$206,000 for each of the years ending 31 December 2025, 2026 and 2027; and

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- (iii) based on the expected sales of VMEP of approximately 50,500, 56,400 and 62,100 units of “SYM” brand motorbikes and related parts (in view of the Group’s market research findings and its active expansion in its sales channels in Europe) and taking into account the average historical fees incurred under the Technology Licence Agreement, the Group estimates that the technology licence fees in respect of various existing, new or updated models expected to be sold in Europe, Thailand, the Philippines and Malaysia would be approximately US\$342,000, US\$528,000 and US\$709,000 for each of the years ending 31 December 2025, 2026 and 2027.

(F) Parts Sales Agreement

- (i) the expected orders for motorbike parts from the Sanyang Group for each of the years ending 31 December 2025, 2026 and 2027 as provided by the Sanyang Group based on their expanding business plans in, mainly, Taiwan; and
- (ii) the expected significant increase in the projected sales volume of motorbike parts for each of the years ending 31 December 2025, 2026 and 2027 as compared to the average historical sales volume of motorbike parts required for the Sanyang Group’s manufacture of similar motorbike models in view of their business plans under (F)(i).

(G) Production Machinery, Moulds and Equipment Purchase Agreement

- (i) further to the Group’s expected launch of a new model in Vietnam and Europe starting from the year ending 31 December 2025, the Group expects that, based on the average historical fees incurred for the launch of similar models (where the production machinery, moulds and equipment required for such models have been taken into account), the fees for procuring relevant high-quality production machinery, moulds and equipment from Sanyang Group would comprise approximately US\$400,000 for 40 sets of moulds and approximately US\$100,000 for 20 sets of jigs and inspection tools for the year ending 31 December 2025;
- (ii) further to the Group’s plans to adjust the appearances and/or performance of three models in the year ending 31 December 2026 and four models in the year ending 31 December 2027, the Group expects that, based on the average historical fees incurred for the launch of similar models (where the production machinery, moulds and equipment required for such models have been taken into account), the fees for procuring relevant high-quality production machinery, moulds and equipment from Sanyang Group for each of such updated model in each corresponding year would comprise approximately US\$100,000 for 10 sets of moulds and approximately US\$50,000 for 10 sets of jigs and inspection tools; and

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- (iii) further to the Group's plans to make slight adjustments to the appearances of five models in the year ending 31 December 2025, two models in the year ending 31 December 2026 and one model in the year ending 31 December 2027, the Group expects that, based on the average historical fees incurred for the launch of similar models (where the production machinery, moulds and equipment required for such models have been taken into account), the fees for procuring relevant high-quality production machinery, moulds and equipment from Sanyang Group for each of such updated model in each corresponding year would comprise approximately US\$30,000 for three sets of moulds and approximately US\$20,000 for four sets of jigs and inspection tools.

INFORMATION OF THE COMPANY, THE GROUP, SANYANG AND SANYANG GROUP

The Company is an investment holding company. The Group is one of the leading manufacturers of scooters and cub motorbikes in Vietnam which is principally engaged in the production of scooters and cub motorbikes, engines and related parts.

Sanyang, together with its subsidiaries, is principally engaged in the manufacturing of (i) motorbikes and related parts and (ii) motor cars, trucks and related parts. As at the Latest Practicable Date, Sanyang, through its wholly-owned subsidiary, SYI, held 608,818,000 issued ordinary shares of the Company (approximately 67.07% of the issued share capital of the Company).

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Sanyang, through its wholly-owned subsidiary, SYI, held approximately 67.07% of the issued share capital of the Company and thus, is an indirect controlling Shareholder. As Sanyang is an indirect controlling Shareholder and thus a connected person of the Company by virtue of Rule 14A.07(1) of the Listing Rules, members of the Sanyang Group are also connected persons of the Company. Accordingly, the Continuing Connected Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Group 1 Annual Caps for each of the Group 1 Transactions exceed 5%, the aforesaid transactions are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Hence, the terms of the Group 1 Transactions, their respective agreements and the Group 1 Annual Caps are conditional on approval by the Independent Shareholders being obtained at the EGM. Nevertheless, the actual transaction amounts in relation to the Group 1 Transactions from 1 January 2025 to the Latest Practicable Date had not exceeded the threshold upon which Independent Shareholders' approval is required under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

As one or more of the applicable percentage ratios in respect of the Group 2 Annual Caps for each of the Group 2 Transactions exceed 0.1% but all the applicable percentage ratios are less than 5%, the Group 2 Transactions are exempt from the Independent Shareholders' approval requirement but subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

BOARD VIEWS

As at the Latest Practicable Date, each of Ms. Wu Li Chu, Mr. Liu Ju Cheng and Mr. Liu Wu Hsiung (all being Directors) has, or is deemed to have a 2.138%, 0.037% and 0.014% shareholding in Sanyang respectively. Ms. Wu Li Chu is the deputy vice chairperson of Sanyang and she serves as the director of various subsidiaries of Sanyang. Mr. Chen Hsu Pin is the vice president of the president office of Sanyang and a director of various subsidiaries of Sanyang. Mr. Liu Ju Cheng is the manager of the overseas marketing sector of Sanyang. Therefore, pursuant to the articles of association of the Company and the Listing Rules, Ms. Wu Li Chu, Mr. Liu Ju Cheng, Mr. Liu Wu Hsiung and Mr. Chen Hsu Pin (together, the "**Abstained Directors**") had abstained from voting in the Board meeting to approve the Continuing Connected Transactions due to the aforesaid overlapping of roles and/or shareholding interests in Sanyang. Save as mentioned above, no other Directors were in any way materially interested in and therefore have abstained from voting in the Board meeting approving the Group 1 Transactions.

The pricing policies of the Group 1 Transactions (except for the Master Sales Agreement) are either on a cost plus basis calculated at the manufacturing cost or purchase cost (as the case may be) of such products or services plus an agreed maximum margin (for the Master Purchase Agreement), or based on an agreed upon percentage to the indicative sales price or actual annual net selling price of products (for the Distributorship Agreement). The Board considers such pricing policies to be certain and objective, while the Group shall continue to monitor and ensure that the price of the relevant products and services to be purchased from/sold to the Sanyang Group comply with the measures as set out in the paragraph headed "Internal Control Measures" above, in particular, that the selling price of the Sales Products and the Sales Services to the Sanyang Group are no less than the price charged by the Group to customers who are Independent Third Parties for the sale or provision of the same or substantially similar types of products and services.

The Directors (excluding the Abstained Directors, and the independent non-executive Directors who have expressed their views in the letter from the Independent Board Committee set out on page 29 of this circular) consider that the Group 1 Transactions have been carried out and will continue to be carried out in the ordinary and usual course of business of the Group and on normal commercial terms, and that the terms of such transactions and the Group 1 Annual Caps have been reached after arm's length negotiations among the parties, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

EGM

A notice convening the EGM is set out on pages 58 to 59 of this circular. At the EGM, ordinary resolutions will be proposed for the Independent Shareholders to consider and, if thought fit, to approve the Group 1 Transactions and the Group 1 Annual Caps.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time fixed for holding of the EGM (i.e. before 10:00 a.m. on Wednesday, 26 March 2025) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

For determining the entitlement to attend and vote in the EGM, the register of members of the Company will be closed from Tuesday, 25 March 2025 to Friday, 28 March 2025 (both days inclusive) during which period no transfer of Shares will be registered. In order to qualify for the attendance of the EGM, all transfers of Shares 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, Wanchai, Hong Kong, not later than 4:30 p.m. on Monday, 24 March 2025. Shareholders whose names are recorded in the register of members of the Company on 28 March 2025 are entitled to attend and vote at the EGM.

The ordinary resolutions to be proposed at the EGM will be determined by way of poll by the Independent Shareholders. Sanyang, the ultimate controlling shareholder, through its wholly-owned subsidiary, SYI, was interested in 608,818,000 shares of the Company (representing approximately 67.07% of the total issued share capital of the Company) at the Latest Practicable Date. Therefore, Sanyang and SYI are required to abstain from voting on the resolutions in respect of the Group 1 Transactions and the Group 1 Annual Caps at the EGM. Save as disclosed above, no other Shareholder is required to abstain from voting on the resolutions in respect of the Group 1 Transactions and the Group 1 Annual Caps at the EGM.

RECOMMENDATION

The Independent Board Committee, having taken into account the advice of Altus, is of the opinion that the Group 1 Transactions have been entered into in the ordinary and usual course of the business of the Group and are based on normal commercial terms, and the terms of the Group 1 Transactions and the Group 1 Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board and the Independent Board Committee recommend the Independent Shareholders to vote in favour of the ordinary resolutions to approve the Group 1 Transactions and the Group 1 Annual Caps at the EGM.

LETTER FROM THE BOARD

GENERAL

Your attention is drawn to (i) the letter from the Independent Board Committee; (ii) the letter from Altus; (iii) the additional information set out in the appendix to this circular; and (iv) the notice of the EGM.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

24 February 2025

Dear Independent Shareholders,

GROUP 1 CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company dated 24 February 2025 (the “**Circular**”) of which this letter forms a part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to advise you in respect of the fairness and reasonableness of the Group 1 Transactions. Altus has been appointed as the independent financial adviser to advise us and the Independent Shareholders in this regard.

Having taken into account the advice of Altus, including the basis of the pricing of the Group 1 Transactions and the internal control measures adopted by the Group to ensure that the Group 1 Transactions are in accordance with the pricing policies and the terms of the relevant agreements, we are of the opinion that the Group 1 Transactions have been entered into in the ordinary and usual course of the business of the Group and are based on normal commercial terms, and the Group 1 Transactions and the Group 1 Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we would advise the Independent Shareholders to vote in favour of the ordinary resolutions to approve the Group 1 Transactions and the Group 1 Annual Caps at the EGM.

We also draw the attention of the Independent Shareholders to (i) the letter from the Board, (ii) the letter from Altus, and (iii) the appendix to the Circular.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Ms. Lin Ching Ching
*Independent non-executive
Director*

Mr. Cheung On Kit Andrew
*Independent non-executive
Director*

Ms. Wu Hui Lan
*Independent non-executive
Director*

LETTER FROM ALTUS

The following is the text of a letter of advice from Altus Capital Limited to the Independent Board Committee and the Independent Shareholders in respect of the Group 1 Transactions and the Group 1 Annual Caps, which has been prepared for the purpose of incorporation in this circular.

ALTUS.

Altus Capital Limited
21 Wing Wo Street
Central, Hong Kong

24 February 2025

To the Independent Board Committee and the Independent Shareholders
Vietnam Manufacturing and Export Processing (Holdings) Limited
40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wan Chai
Hong Kong

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Group 1 Transactions contemplated under the Master Purchase Agreement, the Distributorship Agreement and the Master Sales Agreement (including the respective Group 1 Annual Caps). Details are set out in the “Letter from the Board” contained in the circular dated 24 February 2025 (the “**Circular**”) to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined herein or required by the context.

The existing agreements relating to the Group 1 Transactions had expired on 31 December 2024. The Company had, on 3 December 2024, entered into new agreements in relation to the Group 1 Transactions each with a term of three years ending 31 December 2027. The Board also proposes the Group 1 Annual Caps for the Group 1 Transactions for the three years ending 31 December 2027.

LISTING RULES IMPLICATION

As at the Latest Practicable Date, Sanyang, through its wholly-owned subsidiary, SYI, held approximately 67.07% of the issued share capital of the Company and thus, is an indirect controlling Shareholder. As Sanyang is an indirect controlling Shareholder and thus a connected person of the Company by virtue of Rule 14A.07(1) of the Listing Rules, members of the Sanyang Group are also connected persons of the Company. Accordingly, the Continuing Connected Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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As one or more of the applicable percentage ratios in respect of the Group 1 Annual Caps for each of the Group 1 Transactions exceed 5%, the aforesaid transactions are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Hence, the terms of the Group 1 Transactions, their respective agreements and the Group 1 Annual Caps are conditional on approval by the Independent Shareholders being obtained at the EGM.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee consisting of Ms. Lin Ching Ching, Mr. Cheung On Kit Andrew and Ms. Wu Hui Lan, being all the independent non-executive Directors, has been established to advise the Independent Shareholders on (i) whether the terms and conditions of the Group 1 Transactions contemplated under the Master Purchase Agreement, the Distributorship Agreement and the Master Sales Agreement are on normal commercial terms and are fair and reasonable; (ii) whether the Group 1 Transactions will be conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole; (iii) whether the Group 1 Annual Caps have been fairly and reasonably arrived at; and (iv) how to vote at the EGM, taking into account the recommendations of the Independent Financial Adviser.

INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser to the Independent Board Committee, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the terms and conditions of the Group 1 Transactions contemplated under the Master Purchase Agreement, the Distributorship Agreement and the Master Sales Agreement are on normal commercial terms and are fair and reasonable; (ii) whether the Group 1 Transactions will be conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole; (iii) whether the Group 1 Annual Caps have been fairly and reasonably arrived at; and (iv) how the Independent Shareholders should vote in respect of the resolutions relating thereto to be proposed at the EGM.

We have previously acted as the independent financial adviser to the Company with regard to (i) the revision of annual cap for the distributorship agreement; and (ii) the continuing connected transactions in relation to the master sales agreement, details of which were set out in the circular of the Company dated 17 May 2024 (the "**May 2024 Service**"). Save for the aforesaid transactions, we have not acted as an independent financial adviser or financial adviser for other transactions of the Group in the last two years from the date of the Circular. We were the independent financial adviser in relation to the May 2024 Service as we were independent when none of the circumstances set out in Rule 13.84 of the Listing Rules exist. We act as Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Group 1 Transactions and the Group 1 Annual Caps since we are independent when none of the circumstances set out in Rule 13.84 of the Listing Rules exist. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the Group 1 Transactions and the Group 1 Annual Caps is at market level and not conditional upon successful passing of the resolutions to be proposed at the EGM, and that our engagement is on normal commercial terms, we are independent of the Company.

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BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others, (i) the Master Purchase Agreement, the Distributorship Agreement and the Master Sales Agreement; (ii) annual report of the Company for the year ended 31 December 2023 (the “**2023 Annual Report**”); (iii) the interim report of the Company for the six months ended 30 June 2024 (the “**2024 Interim Report**”); and (iv) other information as set out in the Circular.

We have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the “**Management**”). We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the date of the Circular. The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in the Circular misleading.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Company and the Management have been reasonably made after due and careful enquiry. We have relied on such statements, information, opinions and representations.

We consider that we have been provided with and have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Background information of the Group and its relationship with Sanyang Group

1.1 Principal activities of the Group and Sanyang Group

The Group is one of the leading manufacturers of scooters and cub motorbikes in Vietnam which is principally engaged in the production of scooters and cub motorbikes, engines and related parts.

Sanyang Group is principally engaged in the manufacturing of motorbikes and related parts, as well as motor cars, trucks and related parts.

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Given the Group’s principal activities as described above, it is within the ordinary and usual course of business of the Group to (i) source certain motorbike parts from the Sanyang Group for its production of motorbikes under the Master Purchase Agreement; (ii) act as the exclusive distributor of certain motorbikes and related parts manufactured by the Sanyang Group in the Exclusive Territory (except in the case of Vietnam, where the Company will only be entitled to re-sell such motorbikes to customers in Vietnam solely for use in exhibitions) under the Distributorship Agreement; and (iii) on a non-exclusive basis to sell to Sanyang Group motorbikes and/or any other products manufactured by the Group or purchased by the Group from Independent Third Parties for Sanyang Group’s onwards distribution to retailers under the Master Sales Agreement.

1.2 Operating results of the Group

Set out below is a summary of the operating results of the Group for each of the year ended 31 December 2022 and 2023 and the six months ended 30 June 2023 and 2024, as extracted from the 2023 Annual Report and the 2024 Interim Report respectively.

	For the year ended		For the six months ended	
	31 December		30 June	
	2022	2023	2023	2024
	<i>US\$’000</i>	<i>US\$’000</i>	<i>US\$’000</i>	<i>US\$’000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	132,899	105,148	60,607	32,850
Gross profit	13,558	15,490	8,457	2,833
(Loss)/Profit for the year/period	(200)	1,686	3,001	(2,418)

Year ended 31 December 2023 (“FY2023”) vs Year ended 31 December 2022 (“FY2022”)

Revenue for FY2023 decreased to approximately US\$105.1 million from approximately US\$132.9 million for FY2022, representing a decrease of approximately US\$27.8 million or 20.9%. Such decrease was attributable to the restrained purchasing power of Vietnamese consumers and the weak consumer demand in Malaysia which in turn lowered the sales in the Vietnamese and Malaysian markets, as well as the aggressive competition from Japanese motorbike manufacturers in these markets.

The Group recorded a gross profit and gross profit margin of approximately US\$15.5 million and 14.7% respectively in FY2023 as compared to a gross profit and gross profit margin of approximately US\$13.6 million and 10.2% respectively in FY2022, representing an increase of US\$1.9 million in gross profit and 4.5 percentage points in gross profit margin. Such increase was due to the Group’s (i) flexible procurement process which in turn helped to stabilise production costs; (ii) optimise product sales structure; (iii) strengthen sales strategies; and (iv) expansion to the European and Middle Eastern markets.

In view of the above, the Group recorded a net profit of approximately US\$1.7 million for FY2023, which was an improvement by approximately US\$1.9 million, as compared to the net loss of approximately US\$0.2 million for FY2022.

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Six months ended 30 June 2024 (“1H2024”) vs Six months ended 30 June 2023 (“1H2023”)

Revenue for 1H2024 decreased to approximately US\$32.8 million from approximately US\$60.6 million for 1H2023, representing a decrease of approximately US\$27.8 million or 45.9%. Such decrease was mainly due to the high inflation, high interest rates and fierce competition from industry peers in Association of South East Asian Nations (“ASEAN”) countries which led to a significant drop in sales in the overseas markets. This adverse impact was partially offset by the Group’s launch of a brand-new motorbike model in Vietnam which drove its domestic sales performance.

The Group recorded a gross profit and gross profit margin of approximately US\$2.8 million and 8.6% respectively in 1H2024 as compared to a gross profit and gross profit margin of approximately US\$8.5 million and 14.0% respectively in 1H2023, representing a decrease of US\$5.7 million in gross profit and 5.4 percentage points in gross profit margin. Such decrease was due to the decline in sales from the major sources of profit as discussed above and the Group’s overall production capacity was not effectively utilised.

In view of the above, the Group recorded a net loss of approximately US\$2.4 million for 1H2024, as compared to a net profit of approximately US\$3.0 million for 1H2023.

1.3 Prospects of the Group

In the second half of 2024, the Management anticipates that the Group will face ongoing challenges including inflation, labour market changes and global economic uncertainty. Consequently, the Group intends to strengthen its brand awareness and expand its market coverage in the domestic market by launching effective marketing campaigns tailored to different consumers. Regarding export sales, the Group plans to engage in further marketing activities, enhance brand loyalty, launch new products with enhanced product strength and explore other overseas markets.

Additionally, the Group will adopt product innovation as its key strategy to further strengthen its capabilities in product design and core technology development. As noted in the 2024 Interim Report, the Group has established a development pipeline that is expected to provide medium-term contributions to the total export sales volume, aiming to enhance profitability and maximise returns for the Shareholders.

2. Background and principal terms of the Group 1 Transactions

2.1 The Master Purchase Agreement

As set out in the “Letter from the Board” of the Circular, the Group entered into the previous master purchase agreement (the “**2021 Master Purchase Agreement**”) with Sanyang which allowed the Company to source certain motorbike parts from Sanyang and other members of the Sanyang Group for its production of motorbikes. As the previous master purchase agreement had expired on 31 December 2024, the Company entered into the Master Purchase Agreement with Sanyang (for itself and on behalf of other members of Sanyang Group) on 3 December 2024 to continue engaging the Sanyang Group to supply motorbike parts to the Group with a term of three years ending 31 December 2027.

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The Master Purchase Agreement is a framework agreement which provides the principles, mechanism and terms and conditions for the Group's purchase of motorbike parts from the Sanyang Group. Individual purchase orders will be entered into between the relevant members of the Group and Sanyang Group from time to time which will specify the types of motorbikes parts to be purchased, price, delivery arrangements and any other terms which may be relevant to the supply of the parts to the Group. The individual purchase orders may only contain provision which are in all material respects consistent with the binding principles, guidelines, terms and conditions set out in the Master Purchase Agreement.

To assess the fairness and reasonableness of the terms of the Master Purchase Agreement, we have considered the following:

a. Major terms and pricing

We noted that pursuant to the Master Purchase Agreement:

- (i) All purchase transactions shall be undertaken on normal commercial terms or on terms no less favourable to the Group than terms available to or from Independent Third Parties (if any).
- (ii) The price of sourcing of motorbike parts from members of the Sanyang Group is at a cost plus basis. Sanyang Group will charge the Group at the manufacturing cost or purchase cost (as the case may be) of such products plus a margin not exceeding 12%, the exact amount of which shall be discussed and agreed between the Group and the Sanyang Group with respect to each of the products and shall be confirmed in the respective purchase orders. The above manufacturing cost or purchase cost (as the case may be) will be on normal commercial terms and determined subject to minor adjustments with respect to fluctuations in foreign exchange rates (which shall be reviewed quarterly) and with respect to modifications to model of motorbikes in which the products to be purchased by the Group from Sanyang pursuant to the Master Purchase Agreement is used (which shall be reviewed annually before annual quotations are provided by the Group to its customers, for practical efficiency reasons in view of the large variety of products).
- (iii) A credit period of 30 to 60 days (as the case may be) after the date of the invoice shall be granted to the Group by Sanyang Group unless the relevant parties determined otherwise in the individual purchase orders.

We noted that the major terms contemplated under the Master Purchase Agreement are substantially the same as those set out in the 2021 Master Purchase Agreement, except for the margin under the cost plus pricing terms, which has been revised from “10% (if Vietnam import duty for such product is 20% or more) or of 15% (if Vietnam import duty for such product is less than 20%)” to “not exceeding 12%”.

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In relation of the above major terms, we have reviewed five randomly selected sample purchase orders and purchase invoices for each of the three years ended 31 December 2024 entered into between (i) the Group and Sanyang Group in respect of the purchase of motorbike parts; and (ii) where available, Sanyang Group and Independent Third Party customers in respect of the purchase of similar motorbike parts during the same period, and noted that thereunder:

- (i) The terms offered by Sanyang Group to the Group and its Independent Third Party customers, namely delivery time, payment method and credit terms, were generally similar.
- (ii) The price of sourcing the motorbike parts from members of the Sanyang Group was at a cost plus basis and adhered to the pricing policy as set out in the 2021 Mater Purchase Agreement. Further discussion about the margin is set out below.
- (iii) The prices of the motorbike parts purchased by the Group from the Sanyang Group were no less favourable to the Group than the prices at which the Sanyang Group sold to its Independent Third Party customers. Based on the samples and information we have reviewed, we noted that all the samples show that the Sanyang Group sold to its Independent Third Party customers at a margin over 15%.
- (iv) The credit terms of the purchase orders granted to the Group by the Sanyang Group were within 30 to 60 days as stipulated under the 2021 Master Purchase Agreement.
- (v) Having considered the above, the terms of the 2021 Master Purchase Agreement had been generally complied with.

With regard to the pricing policy of the aforesaid 10% or 15% margin (depending on the import duty) to be added on to the cost to the Sanyang Group pursuant to the 2021 Master Purchase Agreement, we have reviewed the relevant pricing ledger of the motorbike parts, their respective prices in US\$ charged to the Group as set out in the sample invoices reviewed by us as mentioned above and the exchange rates used. We noted such pricing policy has been adhered thereto.

Considering the large number of transactions under the 2021 Master Purchase Agreement, and given that the samples were randomly selected, we are of the view that such approach is practical and the selected samples are sufficient for the purpose.

We understand from the Management that the motorbike parts purchased by the Group from the Sanyang Group under the 2021 Master Purchase Agreement were specialised for the manufacture of the Group's products and the Group has not purchased similar parts from Independent Third Party suppliers during the term of the 2021 Master Purchase Agreement. Nonetheless, as mentioned above, we have obtained sampling in regards to Sanyang Group's sale of similar motorbike parts to its Independent Third Party customers, where available, and noted that the prices in which Sanyang Group sold to the Group were no less favourable to the Group than those sold to its Independent Third Party customers. Additionally, to further assess the reasonableness of the 12% margin ceiling pursuant to the Master Purchase Agreement, we have also considered the gross profit margin levels of the Sanyang Group. Since the margin in the cost plus pricing corresponds to the gross profit margin from the perspective of Sanyang Group, and the overall level reflects an average of margins obtained from both its Independent Third

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Party customers and connected parties, we believe that it is a reasonable proxy for this assessment. According to the latest publicly available financial information of Sanyang Group, we note that its overall gross profit margin level, as well as the gross margin level of its motorcycle business, were approximately 20.8% and 16.1% in FY2023, and approximately 20.6% and 16.9% in 1H2024 respectively. The margin ceiling of 12% pursuant to the Master Purchase Agreement is below the aforesaid gross profit margin levels of Sanyang Group. Taking into account the above, the Management believes and we concur that the margin in the cost plus pricing of not exceeding 12% is fair and reasonable.

As the sample invoices (as described above) supported the major terms and pricing policy of the 2021 Master Purchase Agreement had been consistently adhered to, and the terms of the Master Purchase Agreement are substantially the same as the 2021 Master Purchase Agreement, we consider the terms of the Master Purchase Agreement are normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

b. Reasons for and benefits of the Master Purchase Agreement

According to the Management, by centralising and aggregating the Sanyang Group's sourcing of motorbike parts with those of the Group's, the Sanyang Group would be in a position to negotiate better purchase price and terms with the suppliers and enjoy the benefits of bulk purchase, which would also benefit the Group as the Sanyang Group would be able to supply the parts to the Group at lower costs.

The Management also noted that for motorbike parts which are currently sourced from suppliers outside Vietnam (as they are either unavailable or not of acceptable quality or pricing in Vietnam), the Sanyang Group also provides quality testing, packaging, customs clearance and logistics services on the motorbike parts sold to the Group at a lower cost than that for the Group to engage Independent Third Parties outside Vietnam to provide similar services. By centralising purchase from/with the Sanyang Group instead of making separate purchase orders to independent suppliers, the Group is able to mitigate and minimise the impact of the increasing sourcing costs. The Sanyang Group would also be able to assist in conducting surveys and performing quality checks on suppliers which are based in the PRC to ensure that the parts supplied by them meet the requirement and standards of the Group.

The Group also sources motorbike parts from the Sanyang Group locally in Vietnam. This will reduce transportation costs and delivery time and therefore bring flexibility to the Group and allow it to meet unexpected increase of orders or other market contingencies.

Additionally, we note that the Group has purchased motorbike parts through the Sanyang Group for over ten years. With such business relationship and proven track record in business transactions between the Group and the Sanyang Group, we understand from the Management that the motorbike parts sourced from Sanyang Group have always been of high quality with relatively competitive prices. As such, the Management believes and we concur that it is fair and reasonable to purchase through the Sanyang Group and such purchases are in the interests of the Company and the Shareholders as a whole.

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c. *Proposed Annual Caps*

(i) Existing annual caps and historical transaction amounts

Below is a table setting out the existing annual caps and the historical transaction amounts for the three years ended 31 December 2024.

	Year ended 31 December		
	2022	2023	2024
	US\$	US\$	US\$
Existing annual caps	62,560,000	73,020,000	78,190,000
Historical transaction amount	44,130,807	25,736,528	13,559,642
Utilisation rate	70.54%	35.25%	17.34%

As shown in the table above, the Group utilised approximately 70.54% of the annual cap for the year ended 31 December 2022, approximately 35.25% of the annual cap for the year ended 31 December 2023, and approximately 17.34% of the annual cap for the year ended 31 December 2024.

The relatively low utilisation rates for the years ended 31 December 2023 and 2024 were mainly driven by the lower-than-expected demand for the Group's motorbikes. This in turn, reduced the Group's need to purchase motorbike parts from Sanyang Group for its manufacturing activities. As discussed in the paragraph headed "1.2 Operating results of the Group" above, the Group's revenue in 2023 decreased by approximately 20.3% as compared to the previous year. In terms of number of motorbikes sold, we note that (i) in Vietnam, the Group sold an aggregate of approximately 39,500 units (including approximately 8,500 units of scooters and 31,000 units of cubs) in 2023, representing a decrease of approximately 13.0% compared to the previous year; and (ii) in ASEAN countries, the Group sold an aggregate of approximately 46,800 units of scooters and cubs in 2023, representing a decrease of approximately 26.9% compared to the previous year. According to the Management, such lowered demand was mainly attributable to a combination of factors, including (i) slowdown in Vietnam's economic growth, where economic uncertainties such as worsening inflation, soaring interest rates and increasing unemployment have adversely impacted the purchasing power of the country; (ii) the significant depreciation of ASEAN countries' currencies against the US dollar, which slowed down the willingness of distributors in these markets to import; and (iii) the increasing competition from Japanese motorbike manufacturers.

We note in the 2024 Interim Report that the situation persists in the first half of 2024. In terms of overall revenue, the Group recorded a decline of approximately 45.9% in 1H2024 as compared to 1H2023. This is mainly due to the continued drop of approximately 66.6% in the unit of scooters and cubs sold in ASEAN countries in 1H2024 as compared to 1H2023, as the Group's major export markets such as Malaysia, the Philippines and Thailand continued to preserve their purchasing power. Such adverse impact was partially offset by the Group's increased sales in the Vietnam market, which amounted to approximately 21,400 units of motorbike (including 6,800 units of scooters and 14,600 units of cubs) in 1H2024, representing an increase of approximately 37.2% as compared to the same period last year as the Group launched a variety of new and trendy scooters and cub motorbikes to satisfy needs of different consumers, such as the first brand-new scooter model with electronic fuel injection (E.F.I) "PRITI".

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(ii) Proposed Annual Caps

	Year ending 31 December		
	2025	2026	2027
	US\$	US\$	US\$
Proposed Annual Caps	39,300,000	49,100,000	58,100,000
Year-on-year percentage change		+24.94%	+18.33%

We note that the proposed Annual Cap for each year under the Master Purchase Agreement has been determined with reference to, amongst others, (i) the historical transaction amount and cost of parts purchased from the Sanyang Group; (ii) the projected and/or targeted growth in revenue and sales volume of the Group; and (iii) the expected increasing demand of parts arisen from the Group's new motorbike models and newly-expanded markets (such as Italy, Germany and France).

In assessing the fairness and reasonableness of the proposed Annual Caps under the Master Purchase Agreement, we have discussed with the Management and obtained the relevant workings for review. We first note that the Management has considered the relatively low utilisation rates of the existing annual caps for the years ended 31 December 2023 and 2024, as discussed above, and proposed lower Annual Caps for the next three years compared to the existing annual caps. We further note that the Annual Cap proposed for 2025, being US\$39,300,000, is lower than the actual transaction amount achieved by the Group during the year of 2022 under the 2021 Master Purchase Agreement.

Based on our discussions with the Management, despite facing continued challenges in terms of, amongst others, weakened purchasing power and import sentiment in the Group's major exporting markets, it is the Group's strategy to continue to (i) develop new models to meet emerging demands; and (ii) expand to other geographic regions, in particular, markets other than ASEAN countries. In this regard, as noted in the 2024 Interim Report, the Group has introduced a range of new and trendy scooters and cub motorbikes in the first half of 2024. Particularly noteworthy is the debut of a brand-new scooter model featuring electronic fuel injection (E.F.I) named "PRITI", which has been well received by distributors and customers. Within just 15 days of its launch, the model garnered over 3,000 units sales orders. Additionally, the Group has entered into the 2024 Master Sales Agreement (defined below) on 13 March 2024 (effective on 27 June 2024 after passing of the relevant resolution by the then independent shareholders of the Company) as an initiative to establish and expand its market presence in the European markets.

With the above strategic directions, we understand that it is the Group's target to achieve sales of approximately (i) 65,000 units, 78,000 units and 93,600 units of motorbikes in Vietnam; and (ii) 50,500 units, 56,400 units and 62,100 units of motorbikes in other ASEAN countries and overseas markets, for the years ending 31 December 2025, 2026 and 2027 respectively. In view of the above and the Group looks forward to strengthening cooperation with the Sanyang Group to reduce the cost of self-production, the corresponding Annual Caps have been set at approximately US\$39.3 million, US\$49.1 million and US\$58.1 million for the next three years respectively.

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To consider the fairness and reasonableness of the proposed Annual Caps, we have taken into account the individual variables which may have an impact to the proposed Annual Caps:

(aa) Target sales – Vietnam

There were approximately 2.7 million motorbikes sold in Vietnam during the year ended 31 December 2024 according to the report issued by the Vietnam Association of Motorcycle Manufacturers. Given the recent excited reaction of the new models introduced by the Group as discussed above, the Management believes and we concur that it is fair and reasonable to expect a steady annual market demand in Vietnam in the upcoming three years. In this regard, based on the information available to us, we note that the Group has achieved sales of approximately 51,700 units of motorbikes in Vietnam in 2024, surpassing the sales in 2023 of 39,500 units by around 30%.

We also note that the current population dynamics of Vietnam: (i) the population is constantly rising with about 101 million people by end of 2024; and (ii) the median age of Vietnam is approximately 32.9 years. The Management is of the view that motorcycles will continue to remain a main mode of transport in the foreseeable years, especially among the student population and the youth.

Additionally, based on our review of the Group's sales forecast and budget, we note that the Group has planned a series of new models of scooters and cubs to be launched in Vietnam in the next three years, which is expected to further contribute to the increase in the Group's sales of motorbikes in Vietnam.

Taking into account (i) the Group's recent sales achieved in Vietnam; (ii) the projected growth in the sales resulting from the Group's redefined strategies and new models of motorbikes to be launched; and (iii) the Group's sale forecast and budget which we reviewed, the Management believes and we concur that the target sale quantity of approximately 65,000 units, 78,000 units and 93,600 units of motorbikes in Vietnam in the years ending 31 December 2025, 2026 and 2027 respectively, have been fairly and reasonably arrived at.

(bb) Target sales – other ASEAN countries and overseas markets

Based on information available to us, we first note the sale of approximately 62,000 units, 45,000 units and 15,000 units of motorbikes in 2022, 2023 and 2024 respectively in relation to the 2021 Master Purchase Agreement, in other ASEAN countries and overseas markets. Among these, (i) approximately 57,000 units, 41,000 units and 7,300 units of motorbike sales were related to other ASEAN countries; and (ii) approximately 5,000 units, 4,000 units and 7,700 units of motorbike sales were related to overseas markets, respectively. Despite the decrease in sales numbers over the past years, primarily due to weakened purchasing power and import sentiment in the Group's major exporting markets as discussed above, this suggests that the Group was able to achieve such levels of sales in the past.

Out of the target sale quantity of 50,500 units, 56,400 units and 62,100 units of motorbikes for the years ending 31 December 2025, 2026 and 2027 respectively, (i) 32,700 units, 35,800 units and 39,600 units of motorbikes are relating to other ASEAN countries; and (ii) 17,800 units, 20,600 units and 22,500 units of motorbikes are relating to overseas markets.

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In respect of overseas markets, we understand from the Management that the Group is trying to expand sales and revenue in the export market, in particular overseas markets other than ASEAN countries. Based on our review of the Group's sales forecast and budget, we note that the Group expects to launch a wide variety of existing, as well as new models of scooters and cubs, in a number of European countries, such as Italy, Germany and France, over the next three years. For instance, we note that the Group expects to launch approximately five new or updated models during the three years ending 31 December 2027 in Europe. The Group's expansion in these newly established markets is expected to increase the Group's overseas sales of motorbikes. For further discussions in relation to the Group's projected sale of motorbikes in the overseas markets, please refer to the paragraph headed "2.3(c)(ii) The Master Sales Agreement – Proposed Annual Caps" below.

In respect of other ASEAN countries, we first note that the respective target sale quantity of motorbikes over the next three years is below the historical actual levels achieved by the Group in 2022 and 2023. Despite the sale quantity further decreased in 2024, we note that the Group has plans to launch new or updated scooter models in order to continue its expansion and to consolidate its market presence in other ASEAN countries. In particular, the Group targets to launch approximately two to three new or updated models in the ASEAN countries (including but not limited to Philippine, Malaysia and Thailand) over the next three years as part of its expansion plan and in response to consumers' preferences in these markets. Such expansion plans and target sales are detailed in the Group's sales forecast and budget which we reviewed. According to the "World Economic Outlook Update" published by the International Monetary Fund ("IMF") in January 2025¹, the projected real GDP growth for ASEAN countries in 2025 is 4.6%, an uplift of 0.1% compared to IMF's projections in October 2024. This growth also represents an increase over the 4.0% real GDP growth in 2023 and the estimated 4.5% real GDP growth in 2024. Specifically regarding Malaysia, the largest contributor to the Group's motorbikes sales among other ASEAN countries, its projected real GDP growth in 2025 is 4.7%, an uplift of 0.3% from the IMF's projections in October 2024. With the ASEAN countries showing a gradual and steady recovery in economies, together with the Group's plans to launch new or updated scooter models as discussed above, we believe that it is possible for the Group to achieve this target sale quantity.

Taking into account the above, the Management believes and we concur that the target sale quantity of approximately 50,500 units, 56,400 units and 62,100 units of motorbikes by the Group to other ASEAN countries and overseas markets in the years ending 31 December 2025, 2026 and 2027 in relation to the Master Purchase Agreement, have been fairly and reasonably arrived at.

(cc) Average purchase price

While the Group's procurement of motorbike parts from the Sanyang Group encompasses a wide variety of items with a board range of unit prices, we note that an average of year-on-year price increment of around 5% has been considered when deriving the proposed Annual Caps. In this regard, we note that based on data published by the IMF, the overall inflation rate of ASEAN countries ranged from around 2% to 5% during the past three years. We therefore believe that it is reasonable to cater for general price inflation.

Overall, after taking into account all the above factors, we are of the view that the proposed Annual Caps in relation to the Master Purchase Agreement are fair and reasonable.

¹ <https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025>

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Shareholders should note that the proposed Annual Caps represent an estimate based on information currently available and that the actual utilisation and sufficiency of the proposed Annual Caps would depend on a number of factors, including but not limited to, the possible fluctuation in the cost of raw materials in the future and the actual demand of the Group's products. The proposed Annual Caps have no direct relationship to, nor should be taken to have any direct bearing on the Group's financial or potential financial performance.

2.2 The Distributorship Agreement

As set out in the "Letter from the Board" of the Circular, the Group entered into the previous distributorship agreement (the "**2021 Distributorship Agreement**") with the Sanyang Group which the Company acts as the exclusive distributor of certain motorbikes and related parts manufactured by the Sanyang Group in the Exclusive Territory (except in the case of Vietnam, where the Company will only be entitled to re-sell such motorbikes to customers in Vietnam solely for use in exhibitions). As the 2021 Distributorship Agreement had expired on 31 December 2024, the Company entered into the Distributorship Agreement with the Sanyang Group on 3 December 2024 to continue engaging the Company to act as the exclusive distributor of certain motorbikes and related parts manufactured by the Sanyang Group in the Exclusive Territory.

To assess the fairness and reasonableness of the terms of the Distributorship Agreement, we have considered the following:

a. Major terms and pricing

We noted that in pursuant to the Distributorship Agreement:

- (i) The Group only purchases products from the Sanyang Group when confirmed customer orders are received and the motorbikes to be distributed are restricted to those models which the Group does not produce.
- (ii) The Sanyang Group shall sell such products to the Group at a price that is at least 3.5% lower than the indicative sales price of such products proposed to be sold by the Group to independent end-customers.
- (iii) The Sanyang Group shall provide the Company with a copy of its current price list for the products from time to time.
- (iv) The Group shall pay for all purchases made under the Distributorship Agreement in cash within 30 to 60 days (as the case may be) after the date of invoice unless the relevant parties determined otherwise in the relevant purchase order.

We noted that the major terms contemplated under the Distributorship Agreement are the same as those set out in the 2021 Distributorship Agreement.

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In relation to the above, we have reviewed five randomly selected sample purchase orders and purchase invoices (and related sales invoices) for each of the three years ended 31 December 2024 entered into between (i) the Group and Sanyang Group in respect of the distribution of “SYM” brand motorbikes; and (ii) the Group and Independent Third Party customers in respect of the sales of “SYM” brand motorbikes during each of the three years ended 31 December 2024, and noted that thereunder:

- (i) The 3.5% minimum profit guaranteed for the Group under the previous distributorship has been achieved.
- (ii) The terms under the previous distributorship agreement as mentioned above had been generally complied with.

Considering the large number of transactions under the 2021 Distributorship Agreement, and given that the samples were randomly selected, we are of the view that such approach is practical and the selected samples are sufficient for the purpose.

We have discussed with the Management and noted that the 3.5% margin was able to cover the administrative and operating expenses attributable to the distributorship operations of the Group. We have reviewed the historical monthly sales data and compared that with the related costs incurred by the Group under the 2021 Distributorship Agreement and noted the 3.5% margin is sufficient to cover the related costs. In this regard, based on the information available to us, we noted that out of the 3.5% margin, the Group’s related administrative and operating expenses typically constitute around 2.0% during the term of the 2021 Distributorship Agreement, implying that the Group’s net profit margin from transactions under the 2021 Distributorship Agreement would be approximately 1.5%. This level of net profit margin approximates the overall net profit margin level achieved by the Group in 2023, which was approximately 1.6%. Taking into account the above factors, the Management believes and we concur that the minimum guaranteed profit of at least 3.5% is fair and reasonable.

As the sample invoices (as described above) supported the major terms and pricing policy of the 2021 Distributorship Agreement had been consistently adhered to, and the terms of the Distributorship Agreement are the same as the 2021 Distributorship Agreement, we consider the terms of the Distributorship Agreement are normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

b. Reasons for and benefits of the Distributorship Agreement

Through distribution of specific models of motorbikes and related parts manufactured by Sanyang Group (which model the Group does not produce) in the Exclusive Territory, the Group can retain the end-customers in the Exclusive Territory who purchase specific models of motorbike manufactured by Sanyang Group. The Group may leverage on the customer base of Sanyang Group as a gateway for expanding its own customer base within the Exclusive Territory, increasing its market shares and promoting its corporate and brand recognition.

The pricing basis as agreed under the Distributorship Agreement also ensures that the Group will have a minimum guaranteed profit of at least 3.5% of the sales price on each product the Group distributes or re-sells to end-customers in the Exclusive Territory.

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Taking into account the reasons mentioned above and that the terms of the Distributorship Agreement are fair and reasonable, the Management believes and we concur that it is fair and reasonable to act as an exclusive distributor for Sanyang Group in the Exclusive Territory and such transactions contemplated under the Distributorship Agreement are in the interests of the Company and the Shareholders as a whole.

c. Proposed Annual Caps

(i) Existing annual caps and historical transaction amounts

Below is a table setting out the existing annual caps and the historical transaction amounts for the three years ended 31 December 2024.

	Year ended 31 December		
	2022	2023	2024
	US\$	US\$	US\$
Existing annual caps	5,530,000	5,410,000	19,000,000 ^(note 1)
Historical transaction amount	3,615,488	3,628,230	18,921,585
Utilisation rate	65.38%	67.07%	99.59%

Note:

- (1) 2024 annual cap was revised from US\$5,300,000 to US\$19,000,000. For further details, please refer to the Company's circular dated 17 May 2024.

For the years ended 31 December 2022 and 2023, the Group utilised approximately 65.38% and 67.07% of the respective annual caps as shown in the table above.

We have discussed with the Management and noted that the under-utilisation of the annual cap for each of the year ended 31 December 2022 and 2023 was attributable to the combination of the following factors:

- a. the economic uncertainties; including worsening inflation and soaring interest rates, had raised serious concerns about the purchasing power of ASEAN countries, such as, the significant depreciation of the Malaysian Ringgits against US dollars and the unfavourable impact of foreign exchange transactions had slowed down the willingness of distributors in Malaysia to import²; and
- b. the fierce competition faced by the Group in the ASEAN markets as the Japanese motorbike manufacturers kept on expanding their promotional efforts to squeeze out the sales space of other motorbike brands,

² According to the International Monetary Fund published data (<https://www.imf.org/en/search#q=Malaysia%20real%20GDP%20annual%20percent%20growth%20&sort=relevancy>), Malaysia's real GDP growth annual percent growth fell from 8.7% in 2022 to 4% in 2023.

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all of which were not anticipated when preparing the original annual caps under the 2021 Distributorship Agreement. Despite facing such challenging conditions, the Group was able to maintain its transaction amount at approximately US\$3.6 million for each of the year ended 31 December 2022 and 2023.

As the Group continued to intensify its market promotion initiatives, there was a significant increase in transaction amount for the year ended 31 December 2024, reaching approximately US\$18.9 million. This amount represents an increase of approximately 421.51% compared to the transaction amount in 2023. We note that such actual transaction amount in 2024 far exceeded the original annual cap while nearly used up the revised annual cap for the year of 2024.

(ii) Proposed Annual Caps

	Year ending 31 December		
	2025	2026	2027
	US\$	US\$	US\$
Proposed Annual Cap	30,660,000	34,270,000	37,200,000
Year-on-year percentage change		+11.77%	+8.55%

We note that the proposed Annual Cap for each year under the Distributorship Agreement has been determined with reference to, amongst others, (i) the historical transaction amounts under the 2021 Distributorship Agreement; (ii) the projected sales volume of the “SYM” brand motorbikes; and (iii) the expected transaction amount with regards to the Group’s provision of after-sales motorbike parts to its customers.

In assessing the fairness and reasonableness of the proposed Annual Caps under the Distributorship Agreement, we have discussed with the Management and obtained the relevant workings for review. We have firstly considered the robust growth achieved in 2024, where the transaction figures surpassed the 2023 amount by approximately 421.5%, as mentioned above. We understand that such significant growth was mainly driven by the Group’s distribution of the HUSKY 150 model in the ASEAN countries since April 2024, which is expected to continue to contribute significantly over the next three years, based on our review of the relevant workings. In view of the recent excited market response, the Board has proposed higher levels of Annual Caps for the next three years (as compared to the existing levels of annual caps) to cater for the potential market demands.

To consider the fairness and reasonableness of the proposed Annual Caps, we have taken into account the individual variables which may have an impact to the proposed Annual Caps:

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(aa) Projected sales volume of the “SYM” brand motorbikes

The expected transaction amounts of distribution of “SYM” brand motorbikes are approximately US\$29.4 million, US\$32.9 million and US\$35.7 for each of the year ending 31 December 2025, 2026 and 2027 respectively. Such transaction amounts represent expected sales of approximately 17,000 units, 19,000 units and 20,000 units for each of the year ending 31 December 2025, 2026 and 2027 respectively. We have reviewed the historical transaction under the 2021 Distributorship Agreement, and in particular, noted that the sales quantity increased significantly from approximately 2,000 units and 1,800 units in 2022 and 2023 respectively, to approximately 12,500 units in 2024. The sales quantity achieved in 2024 represented a year-on-year growth of around 600%. The expected sales of approximately 17,000 units, 19,000 units and 20,000 units over the next three years represent year-on-year growth of around 36%, 12% and 5% respectively. These figures are significantly lower than the actual growth rate recorded for 2024. In addition, we also note that the Group intends to distribute three new motorbike models over the next three years. Given such historical growth rate and the potential demand for new models to be distributed, we concur with the Management’s view that the aforementioned target sales volume have been fairly and reasonably arrived at.

(bb) Average purchase price

Based on our review of the relevant workings, the expected average purchase price of motorbikes from Sanyang Group is relatively stable at approximately US\$1,700 per unit for each of the year ending 31 December 2025, 2026 and 2027 respectively. Based on the information available to us, namely the total transaction amount and number of motorbikes purchased under the 2021 Distributorship Agreement, the actual average purchase price was approximately US\$1,700 per unit, US\$1,800 per unit and US\$1,500 per unit in 2022, 2023 and 2024 respectively. Such expected average price is within the range of the abovementioned actual purchase price levels.

(cc) Expected transaction amount with regards to the Group’s provision of after-sales motorbike parts to its customers

Based on our review of the relevant workings, the expected transaction amount with regards to the Group’s provision of after-sales motorbike parts (such as motorbike parts for repair and maintenance) to its customers represents approximately 4.01%, 3.94% and 4.03% of the relevant Annual Caps for each of the year ending 31 December 2025, 2026 and 2027 respectively. We note that such percentages are largely in line with the historical transaction during the previous years.

After taking into account all the above factors, we are of the view that the proposed Annual Caps in relation to the Distributorship Agreement are fair and reasonable.

Shareholders should note that the proposed Annual Caps represent an estimate based on information currently available and that the actual utilisation and sufficiency of the proposed Annual Caps would depend on a number of factors. The proposed Annual Caps have no direct relationship to, nor should be taken to have any direct bearing on, the Group’s financial or potential financial performance.

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2.3 *The Master Sales Agreement*

As set out in the “Letter from the Board” of the Circular, the Group entered into the previous master sales agreement (the “**2024 Master Sales Agreement**”) with Sanyang Group which allowed the Group to sell its motorbikes to Sanyang Group. As the 2024 Master Sales Agreement had expired on 31 December 2024, the Company entered into the Master Sales Agreement with Sanyang Group on 3 December 2024 to continue such sales arrangement with a term of three years ending 31 December 2027.

The Master Sales Agreement is a framework agreement which provides the principles, mechanism and terms and conditions for the Group’s sell of motorbike for Sanyang Group. Individual sales orders will be entered into between the relevant members of the Group and Sanyang Group from time to time which will specify the types of motorbikes to be sold, price, delivery arrangements and any other terms which may be relevant to the sale of the motorbikes for Sanyang Group. The individual sales orders may only contain provision which are in all material respects consistent with the binding principles, guidelines, terms and conditions set out in the Master Sales Agreement.

To assess the fairness and reasonableness of the terms of the Master Sales Agreement, we have considered the following:

a. Major terms and pricing

We noted that pursuant to the Master Sales Agreement, the price of supplying the Sales Products and Sales Services to members of Sanyang Group shall be no less favourable to the Group than the price charged by the Group to customers who are Independent Third Parties for the sale of the same, substantially similar or comparable levels or categories or types (where applicable) of such products.

A credit period of 30 to 60 days (as the case may be) after the date of the invoice without interest shall be granted to Sanyang Group by the Group unless the relevant parties determined otherwise in the individual purchase orders.

We noted that the major terms contemplated under the Master Sales Agreement are the same as those set out in the 2024 Master Sales Agreement.

In relation to the above major terms, we have reviewed five randomly selected samples for the year ended 31 December 2024 entered into between (i) the Group and Sanyang Group in respect of the sale of motorbikes; and (ii) the Group and Independent Third Party customers in respect of the sale of similar motorbikes during the same period, and noted that thereunder:

- (i) The terms offered by the Group to Sanyang Group were generally similar to those offered by the Group to other Independent Third Party customers, namely pricing of the Sales Products and Sales Services, payment method and credit terms.
- (ii) The prices of the Sales Products and Sales Services sold by the Group to Sanyang Group were no less favourable to the Group than the prices charged by the Group to customers who are Independent Third Parties.

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- (iii) The payment terms of the purchase orders between the Group and Sanyang Group under the Master Sales Agreement were similar to those of the purchase orders/quotations between the Group and other Independent Third Parties.
- (iv) The credit terms of the purchase orders granted to Sanyang Group by the Group were within 30 to 60 days as stipulated under the 2024 Master Sales Agreement.
- (v) Having considered the above, the terms of the 2024 Master Sales Agreement had been generally complied with.

Considering there are less than 25 transactions under the 2024 Master Sales Agreement and we have already randomly selected five samples, we are of the view that the selected samples are sufficient for the purpose.

As the samples (as described above) supported that the major terms and pricing policy of the 2024 Master Sales Agreement had been consistently adhered to, and the terms of the Master Sales Agreement are the same as the 2024 Master Sales Agreement, we consider the terms of the Master Sales Agreement are normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

b. Reasons for and benefits of the Master Sales Agreement

In terms of the export of motorbikes, the Group mainly exports motorbikes to member countries of the ASEAN, including Malaysia, the Philippines, Singapore and Thailand.

Sanyang Group is a well-established manufacturer, supplier and distributor of motorbikes and related parts internationally. It was established in 1954 with production centres located in Taiwan, Mainland China and Vietnam. Its products are distributed to 85 countries, covering Asia, Europe and South America. Sanyang Group has distributed its products in Europe for over 30 years and SYM brand successfully achieved a 10% market share in certain European countries, such as, Italy and Greece.

Taking into account Sanyang Group's relevant experience in selling motorbikes in the European markets whilst the Group has yet to establish a major presence and the established business relationship with the Group from which Sanyang Group gained profound understanding of the Group's products and distribution needs, the Management considers Sanyang Group a long term business partner and thus it is efficient to supply the Sales Products to Sanyang Group to establish and expand market presence in European markets, as well as to capture and respond to anticipated market demands. In view of the aforesaid, we concur that it will be more cost efficient and effective than the Group to build up a brand new distribution network.

Sanyang Group shall purchase the Sales Products for its onwards distribution to retailers in territories in respect of which the Group has not established direct sales and export channels, being mainly European countries. We understand from the Management that the Sales Products are different from those products offered by Sanyang Group in the Euro area and the Sales Products help to fill in the product range gap offered by Sanyang Group in the Euro area.

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Through Sanyang Group’s onwards distribution of specific models of motorbikes manufactured by the Group, the Group can leverage on the customer base and expertise of Sanyang Group as a gateway and platform for capturing and expanding its own customer reach and sales opportunities, especially in the European markets, increasing its market shares and promoting its corporate and brand recognition. The Master Sales Agreement is also non-exclusive in nature, the Group is therefore not restricted from engaging further purchasers or distributors other than Sanyang Group to sell or distribute motorbikes manufactured by the Group or selling the Group’s motorbikes directly to end-customers, and can thereby continue to expand its customer base and expand its market presence.

As such, the Management believes and we concur that the transactions contemplated under the Master Sales Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

c. Proposed Annual Caps

(i) Existing annual cap and historical transaction amount

The existing annual cap under the 2024 Master Sales Agreement is US\$7.2 million for the year ended 31 December 2024. The actual transaction amount during the aforementioned period was US\$4,202,896, representing an utilisation rate of approximately 58.37%.

(ii) Proposed Annual Caps

	Year ending 31 December		
	2025	2026	2027
	US\$	US\$	US\$
Proposed Annual Cap	20,220,000	24,000,000	26,300,000
Year-on-year percentage change		+18.69%	+9.58%

We note that the proposed Annual Cap for each year under the Master Sales Agreement has been determined with reference to, amongst others, (i) the historical transaction amounts under the 2024 Master Sales Agreement; and (ii) the demand estimation for products and services to be sold to the Sanyang Group, taking into consideration the demand in newly-expanded markets (such as Italy, Germany and France) as well as the launch of new models.

In assessing the fairness and reasonableness of the proposed Annual Caps under the Master Sales Agreement, we have discussed with the Management and obtained the relevant workings for review. As discussed in the paragraphs headed “1.3 Prospects of the Group” and “2.1(c)(ii) The Master Purchase Agreement – Proposed Annual Caps” above, it is the Group’s strategy to expand to other geographic regions, in particular, markets other than ASEAN countries. In this regard, we understand from the Management that the Group intends to continue deepening its collaboration with Sanyang Group and leveraging their established presence in European markets to expand sales in these geographic regions. Under this backdrop, the Management has proposed Annual Caps of approximately US\$20.2 million, US\$24.0 million and US\$26.3 million for the years ending 31 December 2025, 2026 and 2027 respectively.

To consider the fairness and reasonableness of the proposed Annual Caps, we have taken into account the individual variables which may have an impact to the proposed Annual Caps:

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(aa) Projected sales volume to Sanyang Group

The expected transaction amounts for each of the year ending 31 December 2025, 2026 and 2027 represent target sales of approximately 14,000 units, 16,000 units and 18,000 units respectively. We had reviewed the historical transaction under the 2024 Master Sale Agreement and noted that the sales quantity for the second half of 2024 (as the 2024 Master Sale Agreement only became effective on 27 June 2024 after passing of the relevant resolution by the then independent shareholders of the Company) was approximately 3,000 units. In this regard, we have discussed with the Management and understand that in the second half of 2024, the Group collaborated with Sanyang Group to initially launch a limited number of motorbike models in a few European markets to observe the market reaction and customers' preference. After an initial period of around three to four months, the Group started to expand its launch in the European markets. Additionally, as advised by the Management, due to the new regulatory requirements regarding sale of new motorbikes in the European region, which impose new restrictions on the emission levels of motorbikes and take effect in 2025, this has, to a certain extent, limited the demand for models sold by the Group in 2024 as consumers opt to defer their purchases to the following year for models that meet the new regulatory requirements.

According to the latest information available to us, we noted that the Group has already received sales orders (up to date for 2025) of around 3,000 motorbikes from various European markets. This figure approximates the sale quantity achieved in 2024. Further, based on our review of the Group's sales forecast and budget, we note that the Group intends to continue to expand its sales in a number of European markets, including but not limited to Spain and Switzerland, through the Sanyang Group, within the next three years. The Group also has plans to launch and sell new models of motorbikes in the European markets. All these factors align with the Group's strategic direction to expand its market reach in the European markets and is expected to further increase its sales volume to Sanyang Group under the Master Sales Agreement.

In addition to the above, we have also considered that (i) on one hand, the Group has the capacity to produce the targeted sales quantity of motorbikes; and (ii) on the other hand, it is feasible for Sanyang Group to achieve the expected sales, given its extensive experience and robust presence in selling motorbikes in the European markets.

Taking into account the above, the Management believes and we concur that the target sales quantity of approximately 14,000 units, 16,000 units and 18,000 units of motorbikes by the Group to Sanyang Group in the years ending 31 December 2025, 2026 and 2027 in relation to the Master Sales Agreement, have been fairly and reasonably arrived at.

(bb) Average selling price

Based on our review of the relevant workings, the expected average selling price of motorbikes to Sanyang Group is relatively stable at approximately US\$1,400 per unit for each of the year ending 31 December 2025, 2026 and 2027 respectively. Based on the information available to us, namely the total transaction amount and number of motorbikes sold under the 2024 Master Sales Agreement, such expected average price is in line with the existing level of approximately US\$1,400 per unit.

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After taking into account all the above factors, we are of the view that the proposed Annual Caps in relation to the Master Sales Agreement are fair and reasonable.

Shareholders should note that the proposed Annual Caps represent an estimate based on information currently available and that the actual utilisation and sufficiency of the proposed Annual Caps would depend on a number of factors. The proposed Annual Caps have no direct relationship to, nor should be taken to have any direct bearing on, the Group's financial or potential financial performance.

3. Internal control measures regarding the Continuing Connected Transactions

We have obtained and reviewed the Group's internal control measures in relation to the Continuing Connected Transactions (including the Group 1 Transactions). As noted in the "Letter from the Board" of the Circular, to ensure that the Continuing Connected Transactions are conducted in accordance with the pricing policies and the terms of the relevant agreements, and that the price of the relevant products and services to be purchased from/sold to the Sanyang Group are on normal commercial terms or better to the Company. Such internal control measures employed by the Group include the following:

- (i) the sales and procurement departments of the Company shall submit to the finance department of the Company all the orders under the relevant agreements (the "Order(s)") for review and approval, and the finance department of the Company shall ensure the terms, including but not limited to the purchase/selling price and settlement terms, are in compliance with the relevant agreements under which the transactions are entered into, and in this connection it must be satisfied that (a) the pricing policies and internal procedures adopted by the Company have been fully complied with; (b) each transaction thereunder are on normal commercial terms or better to the Company; (c) the purchase price of the relevant products and services from the Sanyang Group align with the Group's relevant business needs and expectations and such prices are no more than those offered by the Sanyang Group to independent customers for the sale or provision of the same or substantially similar types of products and services (where such information is available); and (d) the selling price of the relevant products and services to the Sanyang Group are no less than the price charged by the Group to customers who are Independent Third Parties for the sale or provision of the same or substantially similar types of products and services (where such information is available);
- (ii) in relation to the transactions with the Sanyang Group the pricing of which are determined on a cost plus basis, including the transactions pursuant to the Master Purchase Agreement, the Research and Development Services Agreement, the Parts Sales Agreement and the Production Machinery, Moulds and Equipment Purchase Agreement, the Company shall (a) determine the applicable margin percentage by discussing with the Sanyang Group and cross-checking the relevant product type against the internal pricing guidelines maintained by the finance department of the Company which stipulates the recommended margin percentages for different types of products (which are determined with reference to the average historical margin percentages applied generally under transactions with the Sanyang Group and/or Independent Third Parties), upon which the Company shall notify the Sanyang Group of the final determined percentage; and (b) (in relation to the purchase of products and services from the Sanyang Group only) request the Sanyang Group to provide it with 20 relevant records per year from each selling entity of the Sanyang Group detailing the manufacturing cost and/or purchase cost of the products and services incurred by the Sanyang Group, in order to ensure that such manufacturing cost and/or purchase cost of the products and services are reasonable and accurately reflected in the final purchase price;

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- (iii) in relation to the transactions pursuant to the Master Sales Agreement, (a) the finance department of the Company will maintain a list of, among others, prices and settlement terms of products and services charged and offered by the Group to customers who are Independent Third Parties and to the Sanyang Group (the “**Comparison List**”) for cross-checking. As each specific model of motorbike is only sold to one other Independent Third Party customer, the Group will compare the prices and settlement terms of each type of product and service with reference to each of such customer; (b) upon the satisfactory review and approval of the Orders by the finance department of the Company, the sales department of the Company shall submit, for the general manager’s approval, execution requests for the Orders, which shall include the selling price and settlement terms thereunder, together with the Comparison List; and (c) checking will be performed on the transaction amounts to ensure that the actual selling prices of the Sales Products and Sales Services are in accordance with the standard wholesale price list of the Sales Products and Sales Services and the agreed sales terms pursuant to the Master Sales Agreement;
- (iv) a monthly report will be prepared to check the accumulated transaction amounts against the relevant annual cap for the period/financial year. In case the accumulated transaction amount is about to reach the relevant annual cap, the Company will seek to revise the annual cap and re-comply with the requirements under Chapter 14A of the Listing Rules as appropriate; and
- (v) the independent non-executive Directors shall, and the Company shall engage its external auditors to, conduct annual review of the Continuing Connected Transactions in accordance with the Listing Rules requirements.

As mentioned in the paragraphs headed “2.1(a) The Master Purchase Agreement – Major terms and pricing”, “2.2(a) The Distributorship Agreement – Major terms and pricing” and “2.3(a) The Master Sales Agreement – Major terms and pricing” above, we have selected and reviewed samples of the Group’s transactions with Sanyang Group under the 2021 Master Purchase Agreement, the 2021 Distributorship Agreement and the 2024 Master Sales Agreement. We noted from such samples that (i) in respect of the 2021 Master Purchase Agreement, the terms offered by Sanyang Group to the Group and its Independent Third Party customers were generally similar, the price of sourcing the motorbike parts from members of the Sanyang Group was at a cost plus basis and was no less favourable to the Group than the price at which the Sanyang Group sold to its Independent Third Party customers; (ii) in respect of the 2021 Distributorship Agreement, the 3.5% minimum profit guaranteed for the Group has been achieved; and (iii) in respect of the 2024 Master Sales Agreement, the pricing and payment terms offered by the Group to Sanyang Group were generally similar to those offered by the Group to other Independent Third Party customers. Based on the above, we believed that the samples supported the respective major terms and pricing policy of the 2021 Master Purchase Agreement, the 2021 Distributorship Agreement and the 2024 Master Sales Agreement had been consistently adhered to. We also noted from the 2023 Annual Report that the external auditors of the Company and the independent non-executive Directors had conducted annual review of the Group’s transactions with Sanyang Group under the 2021 Master Purchase Agreement and the 2021 Distributorship Agreement and there were no adverse findings under such annual review.

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Given the above and the Group's existing internal control measures were similarly applied to transactions under the 2021 Master Purchase Agreement, the 2021 Distributorship Agreement and the 2024 Master Sales Agreement, the Management is of the view and we concur that the Group's internal control measures in relation to the Group 1 Transactions are effective and sufficient.

RECOMMENDATION

Having considered the above principal factors, we are of the view that (i) the terms and conditions of the Group 1 Transactions contemplated under the Master Purchase Agreement, the Distributorship Agreement and the Master Sales Agreement are on normal commercial terms and are fair and reasonable; (ii) the Group 1 Transactions will be conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole; and (iii) the Group 1 Annual Caps have been fairly and reasonably arrived at.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolutions relating thereto to be proposed at the EGM.

Yours faithfully,
For and on behalf of
Altus Capital Limited
Jeanny Leung
Responsible Officer

Ms. Jeanny Leung (“Ms. Leung”) is a Responsible Officer of Altus Capital licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. She is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Ms. Leung has over 30 years of experience in corporate finance advisory and commercial field in Greater China, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests and short positions of Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or its associated corporations

As at the Latest Practicable Date, the interests and short positions, of each Director and chief executive of the Company in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executives were deemed or taken to have under such provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix C3 of the Listing Rules which is adopted by the Company were as follows:

Name	Nature of interest	Name of corporation/ associated corporation	Types of shares/ underlying shares	Number of shares held ⁽¹⁾	Approximate percentage of interest in the share capital ⁽²⁾
Liu Wu Hsiung	Beneficial owner	Sanyang	Ordinary shares	111,380 (L)	0.014%
Wu Li Chu	Beneficial owner	Sanyang	Ordinary shares	17,046,560 (L)	2.138%
Liu Ju Cheng	Beneficial owner	Sanyang	Ordinary shares	4,000 (L)	0.001%
Liu Ju Cheng	Interest of spouse	Sanyang	Ordinary shares	295,000 (L)	0.037%

Notes:

(1) The letter “L” denotes a long position in such shares.

(2) The calculation is based on the total number of 797,489,604 shares of Sanyang in issue as at the Latest Practicable Date.

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Directors' positions in substantial shareholders

As at the Latest Practicable Date, as disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, (1) SYI was interested in 608,818,000 Shares of the Company, representing approximately 67.07% of the total number of Shares of the Company in issue; and (2) Sanyang, being the direct sole shareholder of SYI, was deemed to be interested in the Shares held by SYI.

As at the Latest Practicable Date, Ms. Wu Li Chu is the deputy vice chairperson of Sanyang and she serves as the director of various subsidiaries of Sanyang. Mr. Chen Hsu Pin is the vice president of the president office of Sanyang and a director of various subsidiaries of Sanyang. Mr. Liu Ju Cheng is the manager of the overseas marketing sector of Sanyang.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

3. COMPETING BUSINESS INTERESTS OF DIRECTORS

As at the Latest Practicable Date, none of the Directors or their respective close associates had any interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

4. QUALIFICATION

The following is the qualification of the expert who has given an opinion or advice on the information contained in this circular:

Name	Qualification
Altus Capital Limited (Independent Financial Adviser)	Altus Capital limited, a corporation licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

As at the Latest Practicable Date, Altus did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Altus did not have any direct or indirect interest in any assets of the Group which had, since 31 December 2023, being the date to which the latest published audited financial statements of the Group were made up, been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

5. CONSENT

Altus has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they respectively appear herein as of the Latest Practicable Date.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Company is not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited financial statements of the Group were made up.

7. LITIGATION

So far as the Company is aware, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was pending or threatened against the Company or any of its subsidiaries.

8. MISCELLANEOUS

- (a) None of the Directors has entered into or is proposed to enter into a service contract with any member of the Group which does not expire or which is not determinable by such member of the Group within one year without payment of compensation, other than statutory compensation.
- (b) As at the Latest Practicable Date, save as disclosed in the section headed “Disclosure of Interests” in this circular, none of the Directors nor Altus was beneficially interested in the share capital of any member of the Group or had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group, and none of the Directors had any interest, either directly or indirectly, in any assets which have been, since 31 December 2023, being the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

- (c) As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group, which was subsisting and was significant in relation to the business of the Group.
- (d) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.vmeph.com for a period of 14 days from the date of this circular:

- (a) the Master Purchase Agreement;
- (b) the Distributorship Agreement; and
- (c) the Master Sales Agreement.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “EGM”) of Vietnam Manufacturing and Export Processing (Holdings) Limited (the “Company”) will be held physically at Meeting Room 200, 3 Chung Hua Road, Hukou, Hsinchu, Taiwan on Friday, 28 March 2025 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following ordinary resolutions:

ORDINARY RESOLUTIONS

1. “**THAT** the agreement dated 3 December 2024 entered into between the Company and Sanyang Motor Co., Ltd. (“**Sanyang**”) in relation to the purchase of motorbike parts by the Company and its subsidiaries (together, the “**Group**”) from Sanyang and its subsidiaries (together, the “**Sanyang Group**”), the transactions contemplated thereunder and the proposed annual caps for each of the three years ending 31 December 2025, 2026 and 2027 be and are hereby approved, confirmed and ratified.”
2. “**THAT** the agreement dated 3 December 2024 entered into between the Company and Sanyang in relation to the exclusive distribution by the Group of motorbikes and related parts manufactured by the Sanyang Group in the exclusive territory, the transactions contemplated thereunder and the proposed annual caps for each of the three years ending 31 December 2025, 2026 and 2027 be and are hereby approved, confirmed and ratified.”
3. “**THAT** the agreement dated 3 December 2024 entered into between the Company and Sanyang in relation to, among others, the supply of motorbike and/or any other products manufactured by the Group or purchased by the Group from independent third parties from time to time by the Group to the Sanyang Group, the transactions contemplated thereunder and the proposed annual caps for each of the three years ending 31 December 2025, 2026 and 2027 be and are hereby approved, confirmed and ratified.”

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

Hong Kong, 24 February 2025

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong:
40th Floor, Dah Sing Financial Centre
No. 248 Queen’s Road East
Wanchai, Hong Kong

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. For determining the entitlement to attend and vote in the EGM, the register of members of the Company will be closed from Tuesday, 25 March 2025 to Friday, 28 March 2025 (both days inclusive) during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the EGM, all transfer documents 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, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 24 March 2025.
2. Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or (if the member is a holder of two or more shares) more proxies to attend and, vote in his stead. A proxy need not be a member of the Company. If more than one proxy is appointed, the appointment shall specify the number of Shares in respect of which each such proxy is appointed. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him/her.
3. The instrument appointing a proxy and the power of attorney or other document(s) of authorisation, if any, under which it is signed, or a certified copy of such power or authority, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 48 hours before the time fixed for holding of the EGM (i.e. before 10:00 a.m. on Wednesday, 26 March 2025) or any adjourned meeting thereof. Completion and return of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting or any adjournment thereof and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. In accordance with Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), Sanyang, the ultimate controlling shareholder of the Company, its subsidiaries and associates (as defined in the Listing Rules) are required to abstain from voting on the above ordinary resolutions.
5. The ordinary resolutions set out above will be determined by way of poll.
6. In the event of inconsistency, the English text of this notice shall prevail over the Chinese text.

As at the date of this notice, the board of directors of the Company comprised three executive directors, namely Mr. Liu Wu Hsiung, 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, Mr. Cheung On Kit Andrew and Ms. Wu Hui Lan.