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**Vietnam Manufacturing and Export Processing (Holdings) Limited**  
**越南製造加工出口(控股)有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 422)**

**CHANGE IN USE OF PROCEEDS**

Reference is made to the prospectus (the “**Prospectus**”) issued by Vietnam Manufacturing and Export Processing (Holdings) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 6 December 2007 in relation to the public offering and placing of the shares of the Company for the listing on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Listing**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus.

**CHANGE IN USE OF PROCEEDS**

The net proceeds of the Global Offering, after deducting related Listing expenses, were approximately US\$76.7 million (the “**Net Proceeds**”).

The board of directors of the Company (the “**Board**”) has resolved and approved on 10 May 2019 to adjust the proposed uses and allocation of the Net Proceeds (the “**Adjustments**”). Set out below are details of the intended use of Net Proceeds, the original allocation of Net Proceeds, the amount of Net Proceeds utilized before the revised allocation as at the date of this announcement, the revised allocation of Net Proceeds and the amount of unutilized Net Proceeds after the revised allocation as at the date of this announcement:

<b>Intended Use of Net Proceeds</b>	<b>Original Allocation of Net Proceeds (Approximately in US\$ million)</b>	<b>Amount of Net Proceeds Utilized before the Revised Allocation as the date of this announcement (Approximately in US\$ million)</b>	<b>Revised Allocation of Net Proceeds (Approximately in US\$ million)</b>	<b>Amount of Unutilized Net Proceeds after the Revised Allocation as at the date of this announcement (Approximately in US\$ million)</b>
Construction of research and development centre in Vietnam	15.0	11.7	11.7	-
Expanding distribution channels in Vietnam				
–Upgrading of existing facilities	4.0	4.0	4.0	-
– Establishing of new facilities	46.0	14.0	15.0	1.0
Mergers and acquisitions	9.0	9.0	9.0	-
General working capital	2.7	2.7	2.7	-
Development of production sites as well as the relocation of existing production facilities	-	-	15.0	15.0
Land development	-	-	19.3	19.3
<b>Total</b>	<b>76.7</b>	<b>41.4</b>	<b>76.7</b>	<b>35.3</b>

## REASONS FOR THE CHANGE IN USE OF PROCEEDS

The main reasons for the Adjustments are as follows:

**(i) Reduction of funding needed for (a) construction of the research and development centre in Vietnam and (b) establishment of new specialist stores**

As disclosed in the Prospectus, approximately US\$15 million and US\$46 million were originally intended to be used for the construction of a research and development centre in Vietnam and the establishment of new specialist stores respectively.

The research and development centre was set up in March 2009. However, the actual net proceeds utilized for its construction was only US\$11.7 million, which was less than the amount of US\$15 million initially estimated. Also, the Group finds it self-sufficient in using its existing funds instead of the Net Proceeds for the establishment of new specialist stores in Vietnam since the Listing. As such, the Group intends to reallocate the unutilized (i) US\$3.3 million initially allocated for the construction of the research and development centre and (ii) US\$31 million initially allocated for the establishment of new specialist stores to the purposes as stated in paragraphs (ii) and (iii) below. The Group expects to utilize the remaining US\$1 million initially allocated for the establishment of new specialist stores and its existing resources to open flagship stores in the four largest cities in Vietnam for the purpose of brand promotion and strengthening brand image within the country.

**(ii) Providing funding for development of production sites as well as the relocation of existing production facilities**

The Group intends to reallocate the unutilized Net Proceeds of US\$15 million to streamline and modernise its production process by relocating existing production facilities to other production sites owned by the Group, which include the purchase of new machines and equipment for the installation of new production lines at the new sites and relocate the Company's machines and equipment to the new manufacturing facilities.

Reference is made to the announcement ("**SMV Announcement**") of the Company dated 26 March 2018 in relation to the acquisition of Sanyang Motor Vietnam Company Limited ("**SMV**"). Completion of the acquisition of SMV has taken place, and the Group is in the process of relocating its existing production facilities from the city centre and peripheral areas of Dong Nai Province to the production plant currently owned by the Group in Nhon Trạch district of Dong Nai Province as disclosed in the SMV Announcement.

Reference is also made to the announcement ("**JV Announcement**") of the Company dated 14 May 2018 in relation to the formation of a joint venture between Vietnam Manufacturing & Export Processing Company Limited (a direct wholly-owned subsidiary of the Company) and Daewon – Thu Duc Housing Development Joint Stock Company. For the purpose of undertaking and implementing the Project (as defined in the JV Announcement) on the Land (as defined in the JV Announcement) (which will be further described in the section headed "Providing funding for land development" below in this announcement), the Group is in the process of relocating its existing production facilities on the Land, which is situated in Hà Tây district in Hanoi City, to another of the Group's existing production factory situated in Phu Nghia district in Hanoi City.

As such, the reallocated Net Proceeds of an aggregate of US\$15 million will be used to provide funding for (a) the relocation expenses and (b) the construction and establishment of the new production plants in Nhon Trạch district and Phu Nghia district as mentioned above.

**(iii) Providing funding for land development**

As stated in the JV Announcement, the Land is currently used by the Group for the manufacturing of parts and motorcycle assembly factory. As part of the joint venture arrangement as stated in the JV Announcement, the Group intends to redevelop the Land to a mixed-use complex to create greater value on the Land as the Land is within the planned area of mixed land use (i.e. residential, commercial and other purposes). As such, the Group expects that investment would be needed for the development of the Land and hence, the Group intends to reallocate aggregate US\$19.3 million of the unutilized Net Proceeds to provide financial support for the development of the Project on the Land. As of the date of this announcement, the relevant parties are still awaiting for the approval of Vietnam government in relation to the development of the Project on the Land.

The aforesaid changes in the use of the Net Proceeds will enable the Company to effectively deploy its financial resources. The Board believes that such changes are beneficial to implement the strategic planning and optimise the utilization efficiency of funds of the Group.

The Board confirms that there is no material change in the business nature of the Company as set out in the Prospectus and considers that the aforesaid changes in the use of the Net Proceeds are in the best interests of the Company and its shareholders as a whole.

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

Hong Kong, 10 May 2019

*As at the date of this announcement, the Board comprised four executive directors, namely Mr. Liu Wu Hsiung, Mr. Lin Chih Ming, Mr. Lin Chun Yu and Mr. Chiang Chin Yung, two non-executive directors, namely Mr. Chiu Ying Feng and Ms. Wu Li Chu and three independent non-executive directors, namely Ms. Lin Ching Ching, Mr. Shen Hwa Rong and Ms. Wu Kwei Mei.*