VIETNAM MANUFACTURING AND EXPORT PROCESSING (HOLDINGS) LIMITED
越南製造加工出口(控股)有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 422)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Financial Highlights：	(expressed in US$ million)		
	2014	**2013**	change
· Total revenue	177.5	172.7	3%
· Gross profit	11.9	13.4	-11%
· Net loss after tax	(10.4)	(9.5)	-9%
· Loss per share *(US$)*	(0.011)	(0.010)	-9%
· Time deposits, cash and bank balances	118.2	114.4	

The board of directors (the "Board") of Vietnam Manufacturing and Export Processing (Holdings) Limited (the "Company") hereby announces the consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2014 together with the comparative figures for the immediately preceding financial year. The Board does not recommend the payment of a final dividend for the year ended 31 December 2014.

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2014

(*expressed in United States dollars*)

	Note	2014 US$	2013 US$
Revenue	2	177,510,150	172,666,981
Cost of sales		(165,615,205)	(159,271,084)
Gross profit		11,894,945	13,395,897
Other income		500,422	823,791
Distribution costs		(11,526,877)	(13,615,799)
Technology transfer fees		(4,157,291)	(3,657,862)
Administrative expenses		(12,017,270)	(12,229,406)
Other expenses		(234,177)	(54,451)
Results from operating activities		(15,540,248)	(15,337,830)
Finance income		6,093,589	7,072,298
Finance costs		(844,008)	(552,553)
Net finance income	3(a)	5,249,581	6,519,745
Share of profit of an associate, net of loss		73,750	46,085
Loss before taxation	3	(10,216,917)	(8,772,000)
Income tax	4	(165,220)	(757,779)
Loss for the year		(10,382,137)	(9,529,779)
Other comprehensive income for the year (after tax):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		(1,295,996)	(1,304,212)
Total comprehensive income for the year attributable to equity shareholders of the Company		(11,678,113)	(10,833,991)
Loss per share			
- basic and diluted	5	(0.011)	(0.010)

Consolidated Statement of Financial Position at 31 December 2014

(*expressed in United States dollars*)

	Note	**2014** *US$*	**2013** *US$*
Non-current assets			
Property, plant and equipment	6	22,933,355	25,314,801
Intangible assets		215,493	370,887
Lease prepayments		5,614,457	6,047,579
Interest in an associate		641,654	622,018
Deferred tax assets		909,691	838,615
		30,314,650	33,193,900
Current assets			
Inventories	7	30,093,845	32,046,486
Trade receivables, other receivables and prepayments	8	33,559,317	27,695,187
Current tax recoverable		-	11,241
Investment		-	3,000,000
Derivatives		-	106,994
Time deposits maturing after three months		102,170,248	91,637,347
Cash and cash equivalents		15,985,869	22,741,624
		181,809,279	177,238,879
Current liabilities			
Trade and other payables	9	23,970,608	26,432,795
Bank loans		37,339,313	21,313,260
Current tax payable		65,198	104,842
Provisions		1,307,458	1,513,577
		62,682,577	49,364,474
Net current assets		119,126,702	127,874,405
Total assets less current liabilities		149,441,352	161,068,305
Non-current liabilities			
Deferred tax liabilities		51,180	-
Net assets		149,390,172	161,068,305
Capital and reserves			
Share capital		1,162,872	1,162,872
Reserves		148,227,300	159,905,433
Total equity attributable to equity shareholders of the Company		149,390,172	161,068,305

Notes:

1. BASIS OF PREPARATION

The financial information set out in this announcement does not constitute the Group's financial statements for the year ended 31 December 2014, but is derived from these financial statements. The following significant accounting policies have been adopted by the Group in the preparation of these financial statements.

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB"). These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in an associate.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that derivative financial instruments are stated at their fair value as explained in the accounting policy.

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

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

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

(c) Changes in accounting policies

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

– Amendments to IAS 32, *Financial instruments: Presentation - Offsetting financial assets and financial liabilities*
– Amendments to IAS 36, *Recoverable amounts disclosure for non-financial assets*

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

Amendments to IAS 32 clarified some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. The amendments do not have a significant impact on the Group's financial statements as they are consistent with the policies already adopted by the Group.

Amendments to IAS 36 modified certain disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash generating units whose recoverable amount is based on fair value less costs of disposal. The amendments do not have a significant impact on the Group's financial statements.

2. REVENUE AND SEGMENT REPORTING

(a) Revenue

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

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

	2014	**2013**
	US$	*US$*
Sales of motorbikes	149,966,313	142,921,920
Sales of spare parts and engines	27,441,707	29,546,233
Revenue from moulds and repair services	102,130	198,828
	177,510,150	172,666,981

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

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

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments.

- Manufacturing and sale of motorbikes: the Group's principal products are motorbikes manufactured primarily for the Vietnamese market. The Group also exports motorbikes to other countries including Malaysia, the Philippines, Thailand, Brunei and Singapore.
- Manufacturing and sale of spare parts and engines: the Group manufactures engines for use in the Group's motorbikes, while the Group also exports engines to third parties. The Group manufactures parts for use in repair servicing and product assembly.

- Moulds and repair services: the Group manufactures and maintains moulds used for making metal parts, for example, by die casting and pressing. The majority of the Group's moulds are specially made for internal use, producing parts for the Group's products. The Group also manufactures a small number of moulds for external sale to its domestic suppliers and to domestic manufacturers unrelated to the production of parts for the Group's products.

(i) Segment results, assets and liabilities

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

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

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

The measure used for reporting segment profit is "adjusted EBIT" i.e. "adjusted earnings before interest and taxes", where "interest" is regarded as net finance income. To arrive at adjusted EBIT the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as share of profits less losses of an associate and other head office or corporate administration costs.

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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2014 and 2013 is set out below.

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

	Year ended 31 December 2013			
	Manufacturing and sale of motorbikes	Manufacturing and sale of spare parts and engines	Moulds and repair services	Total
	US$	*US$*	*US$*	*US$*
Revenue from external customers	142,921,920	29,546,233	198,828	172,666,981
Inter-segment revenue	-	50,370,148	1,093,845	51,463,993
Reportable segment revenue	142,921,920	79,916,381	1,292,673	224,130,974
Reportable segment (loss)/ profit("adjusted EBIT")	(8,707,370)	(4,795,860)	45,549	(13,457,681)
Interest income	5,135,285	1,055,841	152,242	6,343,368
Interest expenses	(364,785)	(63,703)	(11,766)	(440,254)
Depreciation and amortisation	(5,276,811)	(1,633,543)	(77,725)	(6,988,079)
Reportable segment assets	63,064,722	28,977,826	1,022,792	93,065,340
Reportable segment liabilities	10,222,700	18,995,809	116,859	29,335,368

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

	2014	2013
	US$	*US$*
Revenue		
Reportable segment revenue	236,533,981	224,130,974
Elimination of inter-segment revenue	(59,023,831)	(51,463,993)
Consolidated revenue	177,510,150	172,666,981
Loss		
Reportable segment loss	(13,145,980)	(13,457,681)
Elimination of inter-segment profits	-	33,397
Reportable segment loss derived from Group's external customers	(13,145,980)	(13,424,284)
Share of profit of an associate	73,750	46,085
Net finance income	5,249,581	6,519,745
Unallocated corporate expenses	(2,394,268)	(1,913,546)
Consolidated loss before taxation	(10,216,917)	(8,772,000)

	At 31 December 2014 US$	At 31 December 2013 US$
Assets		
Reportable segment assets	93,946,599	93,065,340
Elimination of inter-segment receivables	(2,719,952)	(2,138,240)
	91,226,647	90,927,100
Interest in an associate	641,654	622,018
Investments and derivatives	-	3,106,994
Time deposits maturing after three months	102,170,248	91,637,347
Current tax recoverable	-	11,241
Deferred tax assets	909,691	838,615
Cash and cash equivalents	15,985,869	22,741,624
Unallocated corporate assets	1,189,820	547,840
Consolidated total assets	212,123,929	210,432,779
Liabilities		
Reportable segment liabilities	27,634,060	29,335,368
Elimination of inter-segment payables	(2,833,302)	(2,137,244)
	24,800,758	27,198,124
Bank loans	37,339,313	21,313,260
Current tax payable	65,198	104,842
Deferred tax liabilities	51,180	-
Unallocated corporate liabilities	477,308	748,248
Consolidated total liabilities	62,733,757	49,364,474

(iii) Geographic information

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

	Revenues from external customer		**Specified assets**	
	2014	*2013*	*2014*	*2013*
	US$	*US$*	*US$*	*US$*
Vietnam (place of domicile)	80,155,614	97,959,004	28,761,964	31,731,156
Malaysia	66,951,799	48,670,592	-	-
The Philippines	27,426,387	21,593,278	-	-
Singapore	853,240	1,682,075	-	-
Indonesia	375,741	1,452,657	-	-
Thailand	946,390	1,004,226	-	-
Other countries*	800,979	305,149	1,341	2,111
	177,510,150	172,666,981	28,763,305	31,733,267

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

3. LOSS BEFORE TAXATION

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

(a) Net finance income

	2014	2013
	US$	*US$*
Interest income from banks	5,915,786	7,072,298
Net foreign exchange gain	177,803	-
Finance income	6,093,589	7,072,298
Interest paid and payable to banks	(844,008)	(440,254)
Net foreign exchange loss	-	(112,299)
Finance costs	(844,008)	(552,553)
	5,249,581	6,519,745

(b) Staff costs

Contributions to defined contribution retirement plans	977,553	909,239
Severance pay allowance	59,814	72,920
Salaries, wages and other benefits	11,360,909	10,978,989
	12,398,276	11,961,148

(c) Other items

Amortisation of lease prepayments/ intangible assets	525,220	537,983
Depreciation of property, plant and equipment	5,666,063	6,450,096
Write-down of inventories	821,859	773,490
(Gain)/loss on disposal/write off of property, plant and equipment	(163,554)	169,992
Operating lease charges: minimum lease payments in respect of property rentals	1,068,176	577,540
Auditors' remuneration	404,276	456,629
Research and development expenses *(i)*	9,823,393	8,618,774
Cost of inventories *(ii)*	140,652,333	136,951,956

(i) Research and development expenses include amounts relating to technology transfer fee, staff costs, depreciation and amortisation expenses, rental expense of properties and other miscellaneous expenses, which are also included in the respective total amounts disclosed separately above or in Note 3(b) for each of these types of expenses. No development expenditure was capitalised during the year ended 31 December 2014 (2013: US$Nil).

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

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

	2014	2013
	US$	*US$*
Current tax		
Provision for the year	176,881	137,741
Under-provision in respect of prior years	15,923	733,894
	192,804	871,635
Deferred tax		
Origination and reversal of temporary differences	(27,584)	(113,856)
	165,220	757,779

No provision for Hong Kong profits tax has been made as the Group did not earn any income subject to Hong Kong profits tax for the year ended 31 December 2014.

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

In accordance with the Law of Foreign Investment of 1987, as amended in 1990 and 1992 in Vietnam, provision for corporate income tax ("CIT") for Vietnam Manufacturing and Export Processing Limited is calculated at 18% of the taxable profits on motorbike assembling and manufacturing activities and at the rate of 10% of taxable profits on engine assembling and manufacturing activities. The applicable tax rate for profits from other operating activities is 25%.

On 19 June 2013, the National Assembly in Vietnam approved the Law on amendments and supplements to a number of articles of the Corporate Income Tax Law. Accordingly, the highest income tax rate shall be reduced from 25% to 22% for 2014 and 2015, and to 20% from 2016.

In accordance with the Law of Foreign Investment of 1996, as amended in 2000, the applicable CIT rate for Vietnam Casting Forge Precision Limited is 15% from 2013 onwards.

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

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

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

5. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss for the year of US$10,382,137 (2013: loss of US$9,529,779) and the weighted average of 907,680,000 ordinary shares (2013: 907,680,000 ordinary shares) in issue during the year.

(b) Diluted loss per share

The amount of diluted loss per share is the same as the basic loss per share for the year ended 31 December 2014 and 2013 as (1) there were no dilutive potential ordinary shares during the year ended 31 December 2014 and (2) there was no dilutive effect on loss per share since all outstanding share options were anti-dilutive during the year ended 31 December 2013.

6. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings held for own use carried at cost US$	Machinery, moulds and equipment US$	Office equipment, furniture and fittings US$	Electrical, water and utility systems US$	Motor vehicles US$	Assets under construction US$	Total US$
Cost							
At 1 January 2013	15,288,609	72,139,650	2,101,017	7,216,630	1,469,722	307,541	98,523,169
Additions	-	1,574,215	102,480	2,466	207,574	897,877	2,784,612
Transfer from assets under construction	-	884,089	-	-	-	(884,089)	-
Disposals	(12,522)	(570,873)	(19,737)	-	(172,828)	-	(775,960)
Written off	(5,943)	(532,065)	(289,796)	(7,407)	(8,054)	(104,907)	(948,172)
Exchange adjustments	(191,506)	(1,038,922)	(30,863)	(88,834)	(31,459)	(3,656)	(1,385,240)
At 31 December 2013	15,078,638	72,456,094	1,863,101	7,122,855	1,464,955	212,766	98,198,409
At 1 January 2014	15,078,638	72,456,094	1,863,101	7,122,855	1,464,955	212,766	98,198,409
Additions	34,196	2,576,107	15,939	-	40,487	932,532	3,599,261
Transfer from assets under construction	-	380,060	-	-	-	(380,060)	-
Disposals	(11,668)	(103,340)	(10,856)	-	(394,588)	-	(520,452)
Written off	-	(1,628,130)	(13,140)	-	(20,027)	-	(1,661,297)
Exchange adjustments	(230,914)	(762,413)	(21,944)	(80,032)	(13,290)	(7,072)	(1,115,665)
At 31 December 2014	14,870,252	72,918,378	1,833,100	7,042,823	1,077,537	758,166	98,500,256
Accumulated depreciation							
At 1 January 2013	5,924,932	56,064,244	1,625,594	4,629,632	882,970	-	69,127,372
Charge for the year	729,534	5,052,852	178,905	330,546	158,259	-	6,450,096
Written back on disposals	(12,522)	(570,873)	(19,737)	-	(107,743)	-	(710,875)
Written off	(5,943)	(532,065)	(289,796)	(7,407)	(8,054)	-	(843,265)
Exchange adjustments	(78,483)	(947,059)	(25,101)	(57,454)	(31,623)	-	(1,139,720)
At 31 December 2013	6,557,518	59,067,099	1,469,865	4,895,317	893,809	-	72,883,608
At 1 January 2014	6,557,518	59,067,099	1,469,865	4,895,317	893,809	-	72,883,608
Charge for the year	576,139	4,451,592	176,030	323,176	139,126	-	5,666,063
Written back on disposals	(11,668)	(103,340)	(7,295)	-	(357,743)	-	(480,046)
Written off	-	(1,627,744)	(16,046)	-	(9,858)	-	(1,653,648)
Exchange adjustments	(78,463)	(686,728)	(18,037)	(57,742)	(8,106)	-	(849,076)
At 31 December 2014	7,043,526	61,100,879	1,604,517	5,160,751	657,228	-	75,566,901
Net book value							
At 31 December 2014	7,826,726	11,817,499	228,583	1,882,072	420,309	758,166	22,933,355
At 31 December 2013	8,521,120	13,388,995	393,236	2,227,538	571,146	212,766	25,314,801

7. INVENTORIES

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

	2014 US$	2013 US$
Raw materials	22,973,258	20,194,498
Tools and supplies	462,920	476,554
Work in progress	858,317	1,009,321
Finished goods	3,432,798	6,937,853
Merchandise inventories*	3,701,126	4,255,157
	31,428,419	32,873,383
Provision for write down of inventories	(1,334,574)	(826,897)
Net realisable value	30,093,845	32,046,486

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

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

	2014	2013
	US$	*US$*
Carrying amount of inventories sold	140,652,333	136,951,956
Write down of inventories	821,859	773,490
	141,474,192	137,725,446

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

At 1 January	826,897	654,207
Additions	821,859	773,490
Utilisation	(300,473)	(593,748)
Exchange adjustments	(13,709)	(7,052)
At 31 December	1,334,574	826,897

8. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	2014	2013
	US$	*US$*
Trade receivables	13,560,182	8,155,481
Non-trade receivables	16,180,287	14,898,577
Prepayments	2,525,956	3,331,156
Amounts due from related parties		
- trade	959,584	1,245,827
- non-trade	333,308	64,146
	33,559,317	27,695,187

(i) Trade receivables

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

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

	2014	2013
	US$	*US$*
Within 3 months	14,244,400	9,388,575
More than 3 months but within 1 year	272,283	2,648
More than 1 year	3,083	10,085
	14,519,766	9,401,308

9. TRADE AND OTHER PAYABLES

	2014	2013
	US$	*US$*
Trade payables	10,793,326	12,316,236
Other payables and accrued operating expenses	6,985,286	7,984,486
Receipts in advance from customers	1,085,283	1,115,504
Amounts due to related parties		
- trade	2,878,562	3,201,302
- non-trade	2,228,151	1,815,267
	23,970,608	26,432,795

(i) Trade payables

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

	2014	2013
	US$	*US$*
Within 3 months	13,617,625	15,403,263
More than 3 months but within 1 year	54,263	109,373
More than 1 year but within 5 years	-	4,902
	13,671,888	15,517,538

MANAGEMENT DISCUSSION & ANALYSIS

The Group is one of the leading manufacturers of scooters and cub motorbikes in Vietnam, its manufacturing and assembly operations are located in Dong Nai Province (near Ho Chi Minh City) and Hanoi in Vietnam with an annual production capacity of 360,000 motorbikes. The Group offers a wide range of motorbikes models which are sold under the SYM brand name. It also produces motorbike engines and parts for its own manufacturing use as well as for sale and export, and provides services associated with moulds to make die-cast and forged metal parts.

Operating Environment

Though the Vietnamese economy was unable to achieve double-digit growth as before the global financial crisis, the economy was stable throughout 2014. The Vietnamese economy relied principally on exports and foreign direct investment. Its gross domestic product grew by 6% in 2014. The Vietnamese government had taken steps to overhaul the financial system and boost lending. Meanwhile, falling oil prices eased inflation, and the central bank continued to maintain the Vietnamese Dong's stability and pursue flexible monetary policies to boost expansion. Vietnam's economy has improved in the recent years with falling inflation, current account surplus, stable exchange rate and increased reserves of the government.

Vietnam's consumption expenditures was low with retail sales grew 10.6% this year as compared with a growth of 12.6% for 2013. The motorbike industry was facing domestic and foreign challenges. The growth of motorbike sales has further slowed down as compared with 2013, with approximately 2.7 million units sold by foreign direct invest manufacturers in 2014. The overexpansion of the foreign motorbike manufacturers in Vietnam continued and created competition with the Group during the year.

Business Review

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

The revenue of the Group for the year ended 31 December 2014 increased 3% to US$177.5 million from US$172.7 million of previous year, the growth was mainly supported by export sales to ASEAN markets. The Group sold an aggregate of approximately 74,800 units (which comprised of approximately 25,500 units of scooters and 49,300 units of cubs respectively) in Vietnam during the year, representing a decrease of 9% from the previous year. In contrast, due to the increase in demand in overseas markets, approximately 154,200 units of scooters and cubs were exported to ASEAN countries representing an increase of 47% over the previous year, due to continued growth in the motorbike market of Malaysia and the Philippines.

The Group strived to expand its product sales network, and to improve customer loyalty by implementing flexible marketing strategies and further increasing its market share in Vietnam and other ASEAN countries. As of 31 December 2014, the Group's extensive distribution network comprised over 245 SYM-authorised stores owned by dealers, covering every province in Vietnam.

Financial Review

The Group recorded a net loss of US$10.4 million for the year ended 31 December 2014 as compared with a net loss of US$9.5 million for the year ended 31 December 2013, which reflected the challenging operating environment for the motorbike industry.

Revenue

Revenue of the Group for the year ended 31 December 2014 increased to US$177.5 million from US$172.7 million for the year ended 31 December 2013, representing an increase of US$4.8 million or 3%. Such increase was attributed to rapid growth of export sales in ASEAN countries despite drop in sales in Vietnam due to slowdown of the economy and domestic spendings during the year. The Group's overall sales volume of all motorbikes and those of scooters in Vietnam decreased by 9% and 45% over the comparative periods. The poor financial performance was attributed to a significant drop of sales of scooters in Vietnam which were the Group's major profit driver. The principal scooter models include ATTILA- VENUS, ELIZABETH, SHARK and PASSING, and cub models of ELEGANT and GALAXY.

In terms of geographical contribution, approximately 45% of total revenue was generated from the domestic market in Vietnam for the year ended 31 December 2014 as compared with 57% for the year ended 31 December 2013. Domestic sales in Vietnam decreased by 18% from US$98.0 million for the year ended 31 December 2013 to US$80.2 million for the year ended 31 December 2014. Due to the increase in demand in the overseas markets, export sales increased by 30% from US$74.7 million for the year ended 31 December 2013 to US$97.4 million for the year ended 31 December 2014. The quantity of engines exported decreased from approximately 45,400 units for the year ended 31 December 2013 to approximately 34,600 units for the year ended 31 December 2014.

Cost of Sales

The Group's cost of sales increased by 4%, from US$159.3 million for the year ended 31 December 2013 to US$165.6 million for the year ended 31 December 2014. Such increase was primarily due to the increase of labour costs and import costs of advance technology components, despite cost reduction arising from expanding procurement sources for materials and components. As a percentage of total revenue, the Group's cost of sales slightly increased from 92% for the year ended 31 December 2013 to 93% for the year ended 31 December 2014.

Gross Profit and Gross Profit Margin

The gross profit of the Group decreased by 11%, from US$13.4 million for the year ended 31 December 2013 to US$11.9 million for the year ended 31 December 2014. The Group's gross profit margin has also decreased from 8% to 7% during the same comparative periods. The decline in gross profit was primarily caused by pushing down of average selling price due to intensive competition in the market and rising operating costs, including wages increase in Vietnam.

Distribution Expenses

The Group's distribution expenses decreased by 15% from US$13.6 million for the year ended 31 December 2013 to US$11.5 million for the year ended 31 December 2014. Such decrease was mainly due to the decreases in warranty of the motorbikes, sales incentives and supporting fees paid to distributors, advertising expenses for promotion.

Technology Transfer Fees

The technology transfer fees increased by 14%, from US$3.7 million for the year ended 31 December 2013 to US$4.2 million for the year ended 31 December 2014, resulting from the increase in the sales of SYM-branded motorbikes exported to ASEAN countries.

Administrative Expenses

The Group's administrative expenses decreased 2% from US$12.2 million for the year ended 31 December 2013 to US$12.0 million for the year ended 31 December 2014, which account for 7% of the Group's total revenue for the year ended 31 December 2014. This was principally due to increase in research and development expenses which were partly offset by reduced operating costs.

Results from Operating Activities

As a result of the factors discussed above, the Group's results from operating activities worsen by 1%, from a loss of US$15.3 million for the year ended 31 December 2013 to a loss of US$15.5 million for the year ended 31 December 2014.

Net Financial Income

The Group's net finance income decreased by 20%, from US$6.5 million for the year ended 31 December 2013 to US$5.2 million for the year ended 31 December 2014. Such decrease was mainly attributable to a decrease in interest income by US$1.2 million and an increase of bank interest expenses of US$0.4 million. Foreign exchange gains arising from the fluctuation of the Vietnamese Dong against the US Dollar for the year ended 31 December 2014 amounted to US$0.2 million as compared to a foreign exchange loss of US$0.1 million for the year ended 31 December 2013.

Loss for the year and Margin

As a result of the factors discussed above, the Group's net loss for the year ended 31 December 2014 amounted to US$10.4 million, a decrease of 9% as compared to a loss of US$9.5 million for the year ended 31 December 2013. The Group's net loss margin worsened from 5.5% for the year ended 31 December 2013 to 5.8% for year ended 31 December 2014.

Liquidity and Financial Resources

As at 31 December 2014, the Group's net current assets amounted to US$119.1 million (31 December 2013: US$127.9 million) which consisted of current assets of US$181.8 million (31 December 2013: US$177.2 million) and current liabilities of US$62.7 million (31 December 2013: US$49.3 million).

As at 31 December 2014, the bank loans repayable within one year was US$37.3 million, including US$28.4 million denominated in US$ and US$8.9 million denominated in Vietnamese Dong (31 December 2013: US$21.3 million, including US$13.9 million denominated in US$ and US$7.4 million denominated in Vietnamese Dong). As at 31 December 2014, the Group had no bank loans repayable beyond one year (31 December 2013: Nil). As at 31 December 2014, the gearing ratio was 25% (31 December 2013: 13%) calculated by dividing total bank loans by total equity.

As at 31 December 2014, the cash and bank balances (including bank deposits), amounted to US$118.2 million, which mainly included US$72.5 million denominated in Vietnamese Dong, US$28.2 million denominated in US$, US$17.1 million denominated in RMB and US$0.4 million denominated in NT$ and HK$ (31 December 2013: US$114.4 million, mainly including US$67.3 million denominated in Vietnamese Dong, US$31.2 million denominated in US$, US$15.7 million denominated in RMB and US$0.2 million denominated in NT$ and HK$).

As at 31 December 2014, the Group had no investment (31 December 2013: US$3.0 million invested in wholly principal-protected US$ callable collared floating rate notes).

The Board is of the opinion that the Group is in a healthy liquidity position as it has sufficient resources to satisfy its working capital requirements and for its foreseeable capital expenditure.

Exposure to Foreign Exchange Risk

There have been no significant changes in the Group's policy in terms of exchange rate exposure. Transactions of the Group are mainly denominated in Vietnamese Dong or US Dollar. The Group was not exposed to material exchange rate risk and had not employed any financial instruments for hedging purposes. The Group adopts conservative treasury policies in cash and financial management, with its cash generally placed in short-term deposits mostly denominated in Vietnamese Dong, US Dollar and Renminbi.

Capital Commitments and Contingent Liabilities

As at 31 December 2014, the capital commitments of the Group in respect of relocation and construction of a new factory amounted to US$16.5 million which will all be settled with the proceeds from the cash generated from the Group's operations. The Group had no significant contingent liabilities as at 31 December 2014.

Human Resources and Remuneration Policies

The Group currently offers competitive remuneration packages to its staff in Vietnam, Taiwan and Hong Kong, and regularly reviews its remuneration packages in light of the overall development of the Group. The Group's remuneration packages include basic salaries, bonuses, quality staff living quarters, training and development opportunities, medical benefits, an insurance plan and retirement benefits. As at 31 December 2014, the Group had 1,833 employees (2013: 1,958). The total amount of salaries and related costs for the year ended 31 December 2014 amounted to US$12.4 million (2013: US$12.0 million).

Prospects

Vietnam’s economic growth is mainly driven by exports and foreign investment, which will continue to be subject to changes and fluctuations of the global market. The Vietnamese government has estimated a GDP growth of 6.2% in 2015, with the increased export of 10% and inflation fell to a level of 4-5%. Exports will likely keep the positive momentum as the Vietnam central bank decided to devalue the Vietnamese Dong by 1%, from 21,243 to 21,458 per US Dollar on 7 January 2015. This will help to make the Group’s products more competitive in overseas markets. Vietnam’s economy has been improving in the recent years with falling inflation, the current account balance has been in surplus, the parallel and interbank rates were well within the official exchange rate band, and international reserves rose above the level in the pre-global financial crisis periods.

The Vietnamese economy has stabilised after the global financial crisis, but it is unlikely to resume the level of GDP growth before the crisis. It is expected that the following year will continue to be a year of challenges for many businesses due to slow economic growth and low consumption expenditures. It is also expected that the operating environment for the motorbike sector in Vietnam remains challenging and fierce competitions will continue during the forthcoming year. Vietnam as an emerging market has great opportunity to take advantage of a young labour force and its vast rural market, which will both be conductive to the development and the growth of consumption sector and also support the demand for motorbike products. The Group is optimistic that Vietnam’s economic development will grow steadily and the motorbike industry in Vietnam will resume its growth. In line with our ongoing strategy to achieve a more balanced portfolio of products with long-term growth potential, the Group continues to expand the exporting business to ASEAN countries. The Group will actively engage in marketing and promotional activities, and provide better after sales service support systems in the rising markets, particularly Malaysia, the Philippines, Thailand and Singapore. The Group target to launch more high value motorbike models to expand its market share in these markets and also boost margins on the expand export sales.

The Group will continue its best effort to enhance customer satisfaction and cost effectiveness, by implementing measures to strengthen cost control, expanding its suppliers network and procurement sources, boosting productivity and operation efficiency, enhancing research and development capabilities and speeding up market penetration through its retail network. The Group plans to launch 5 new and modified motorbike models in Vietnam to raise product prices and profitability, these include the scooters of ATTILA-VENUS and ELIZABETH targeted for female customers and other models with larger engine capacity and cub models targeting male and younger customers.

The new plant in Hanoi is currently under construction, the Group will monitor the plan to closely redevelop the plant site previously in Ha Tay province and adjust our development plan accordingly under existing unfavourable conditions.

In light of the challenging business environment, the Group will continue to invest and upgrade our production capabilities to meet customer demand. The Group’s ongoing strategy is to strive for better production efficiency and progressive quality improvement in order to build a firm foundation to achieve growth in our business segments. The Group maintains top research and development capability and a healthy liquidity position, and the management maintains a positive attitude towards market growth in 2015. The Group will seize all available development opportunities to enhance financial performance and long-term profitability and maximise returns to the shareholders of the Company.

APPLICATION OF IPO PROCEEDS

The proceeds from the issuance of new shares in the IPO by the Company in December 2007, net of listing expenses, were approximately US$76.7 million. As at 31 December 2014, the net proceeds were utilised in the following manner:

	Per Prospectus US$' million	Amount Utilised US$' million	Balance as at 31 December 2014 US$' million
Construction of research and development centre in Vietnam	15.0	11.7	3.3
Expanding distribution channels in Vietnam, of which:			
– Upgrading of existing facilities	4.0	4.0	–
– Establishing of new facilities	46.0	1.9	44.1
Mergers and acquisitions	9.0	1.7	7.3
General working capital	2.7	2.7	–
Total	76.7	22.0	54.7

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

CORPORATE GOVERNANCE PRACTICES

During the financial year ended 31 December 2014, the Company has complied with the applicable code provisions as set out in the Code on Corporate Governance Practice in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") at the relevant times, except for the following deviation:

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

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct in respect of transactions in securities of the Company by the Directors. Having made specific enquiry, the Company confirms that the Directors have complied with the required standard set out in the Model Code for the financial year ended 31 December 2014.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The annual results for the year ended 31 December 2014 have been reviewed by the audit committee of the Company which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements.

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

It is proposed that an annual general meeting will be held on 19 June 2015. Notice of the annual general meeting will be published and issued to the Shareholders in due course. For determining the entitlement to attend and vote in the annual general meeting, the register of members of the Company will be closed from 16 June 2015 to 19 June 2015 (both days inclusive) during which period no transfer of shares of the Company will be registered. In order to qualify for the attendance of the annual general meeting, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30p.m. on 15 June 2015.

PROPOSED FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2014.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the year ended 31 December 2014, there was no purchase, sale or redemption made by the Company, or any of its subsidiaries, of the shares of the Company.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and on the Company's website at www.vmeph.com. The annual report 2014 of the Company will also be published on the aforesaid websites in due course.

OUR APPRECIATION

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

By order of the Board
Vietnam Manufacturing and Export Processing (Holdings) Limited
Chou Ken Yuan
Chairman

Hong Kong, 16 March 2015

As at the date of this announcement, the board of directors of the Company comprised four executive Directors, namely Mr. Chou Ken Yuan, Mr. Chen Pang Hsiung, Mr. Yu Wen Lung and Mr. Lu Tien Fu, two non-executive Directors, namely Mr. Chang Yung Chieh and Mr. Chiu Ying Feng, and three independent non-executive Directors, namely Ms. Lin Ching Ching, Mr. Shen Hwa Rong and Ms. Wu Kwei Mei.