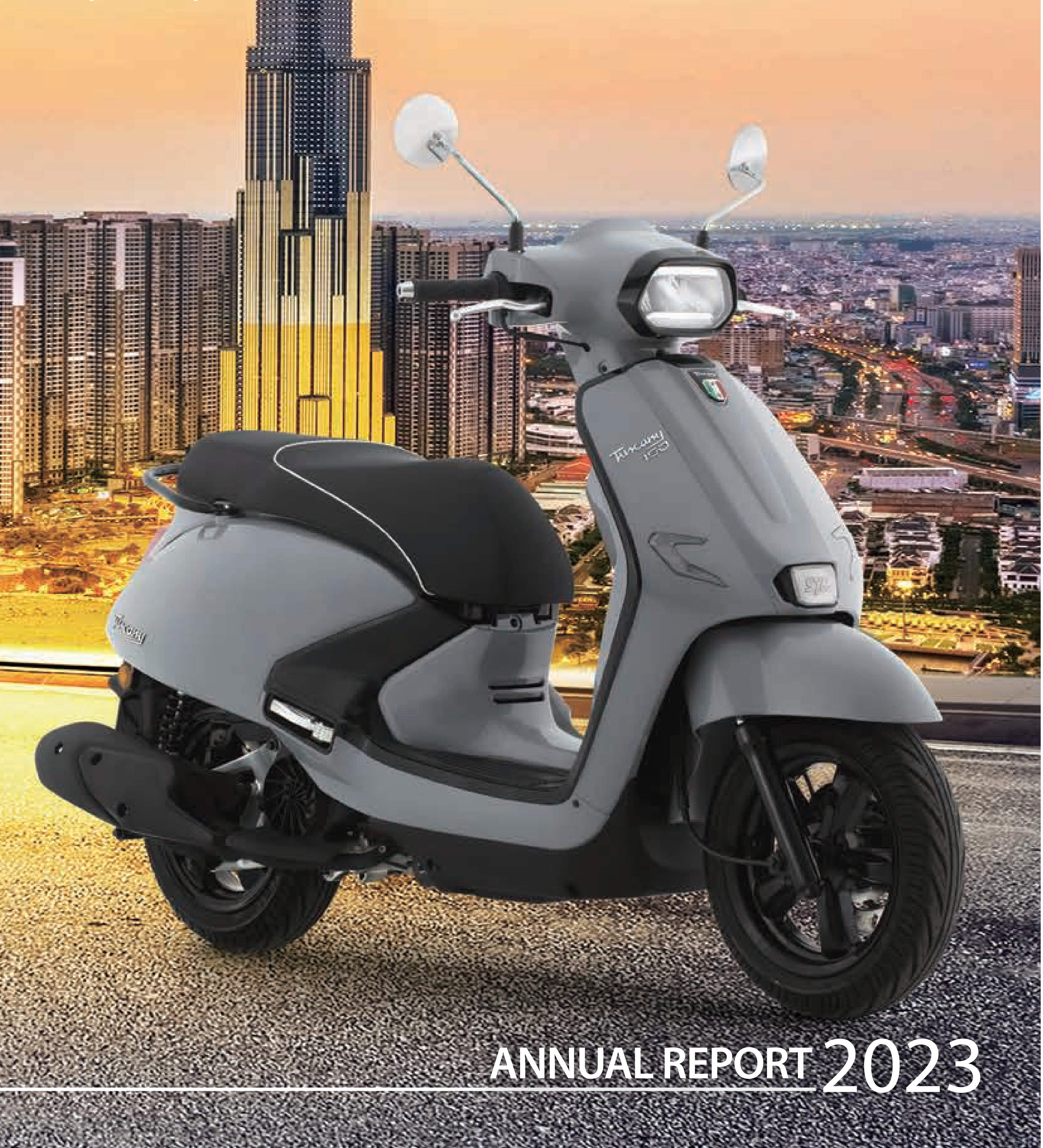
VMEPH Vietnam

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)



ANNUAL REPORT 2023

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Liu Wu Hsiung *(Chairman of the Board)*
Ms. Wu Jui Chiao *(Acting Chief Executive Officer)*
(appointed on 3 November 2023)
Mr. Lin Chun Yu
Mr. Huang Tsung Yeh *(resigned on 3 November 2023)*

Non-executive Directors

Ms. Wu Li Chu
Mr. Chen Hsu Pin
Mr. Liu Ju Cheng *(appointed on 3 November 2023)*
Mr. Chiang Chin Yung *(resigned on 3 November 2023)*

Independent Non-executive Directors

Ms. Lin Ching Ching
Mr. Cheung On Kit Andrew
Ms. Wu Hui Lan *(appointed on 3 November 2023)*
Ms. Wu Kwei Mei *(resigned on 3 November 2023)*

AUDIT COMMITTEE

Ms. Lin Ching Ching *(Chairman)*
Mr. Cheung On Kit Andrew
Ms. Wu Hui Lan *(appointed on 3 November 2023)*
Ms. Wu Kwei Mei *(resigned on 3 November 2023)*

REMUNERATION COMMITTEE

Ms. Lin Ching Ching *(Chairman)*
Mr. Liu Wu Hsiung
Ms. Wu Hui Lan *(appointed on 3 November 2023)*
Ms. Wu Kwei Mei *(resigned on 3 November 2023)*

NOMINATION COMMITTEE

Mr. Liu Wu Hsiung *(Chairman)*
Ms. Lin Ching Ching
Mr. Cheung On Kit Andrew

AUTHORISED REPRESENTATIVES

Mr. Liu Wu Hsiung
Ms. Lee Angel Pui Shan

COMPANY SECRETARY

Ms. Lee Angel Pui Shan

AUDITOR

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance

LEGAL ADVISER

Norton Rose Fulbright Hong Kong

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE

Section 5, Tam Hiep Ward, Bien Hoa City
Dong Nai, Vietnam

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3
Building D, P.O. Box 1586, Gardenia Court
Camana Bay, Grand Cayman, KY1-1100
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–16, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong

PRINCIPAL BANKERS

Asia Commercial Bank
Jointstock commercial Bank for Foreign Trade of Vietnam

STOCK CODE

422

COMPANY'S WEBSITE AND CONTACT

www.vmeph.com
Tel: (886) 3597 2788
Fax: (886) 3597 1883

Financial Summary

The following is a summary of the consolidated results and consolidated assets and liabilities of Vietnam Manufacturing and Export Processing (Holdings) Limited (the "Company") and its subsidiaries (collectively, the "Group") for the last five financial years:

	2023	2022	2021	2020	2019
	US$'M	*US$'M*	*US$'M*	*US$'M*	*US$'M*
RESULTS					
Revenue	**105.1**	132.9	93.0	84.1	99.5
Gross profit/(loss)	**15.5**	13.6	5.9	8.1	5.4
Results from operations	**1.9**	0.6	(6.6)	(4.9)	(11.0)
Profit/(loss) before taxation	**1.9**	(0.04)	(5.6)	(7.3)	(17.6)
Profit/(loss) attributable to equity shareholders	**1.7**	(0.2)	(5.6)	(7.3)	(17.6)
Profit/(loss) per share (US$) *(Note 1)*	**0.0019**	(0.0002)	(0.01)	(0.01)	(0.02)
ASSETS AND LIABILITIES					
Total assets	**106.1**	127.0	113.7	107.2	109.2
Total liabilities	**55.0**	76.1	61.1	49.7	44.7
Net assets	**51.1**	50.9	52.6	57.5	64.6
Equity attributable to equity shareholders	**51.1**	50.9	52.6	57.5	64.6
Return on equity (%)	**3.3**	(0.4)	(10.6)	(12.7)	(27.2)
Current ratio (times) *(Note 2)*	**1.8**	1.6	1.8	2.0	2.3
Gearing ratio (%) *(Note 3)*	**84**	79	69	53	43

Notes:

1. The calculation of profit/(loss) per share for above is based on the profit/(loss) attributable to equity shareholders and the weighted average number of ordinary shares in issue (i.e. 907,680,000 shares) of the Company during the year.

2. Current ratio is calculated by dividing current assets by current liabilities.

3. Gearing ratio is equal to total bank loans divided by total equity times 100%.

The Group is one of the leading manufacturers of scooters and cub motorbikes in Vietnam. Its manufacturing and assembly operations are located in Dong Nai Province (near Ho Chi Minh City) and Hanoi of Vietnam with an annual production capacity of 200,000 motorbikes. The Group's motorbikes are sold under the SYM brand name and offering a wide range of models and types. It also produces motorbike parts and engines for internal use and export to overseas customers.

OPERATING ENVIRONMENT

In 2023, current market headwinds, including market volatility, continuing geopolitical tensions and rising global inflation, have significantly hampered global economic growth.

Vietnam's gross domestic product (GDP) growth in 2023 was 5.05%, lower than the expected annual growth rate of 6.5%. The Vietnam economy has depended all along on export, thus should markets worldwide weaken and international demand plunge, followed by the decline in export consumption, would inevitably be hit and see overall growth slow down.

According to the statistics from the Vietnam Association of Motorcycle Manufacturers, the total sales volume of the top five foreign direct investment manufacturers in Vietnam in 2023 was 2,516,212 motorbikes, representing a decrease of 16.21% compared to 2022. There has been still keen competition in the overall business environment. Facing such operating pressure, the management of the Group will continue to devote its best efforts to proactively identify potential business opportunities, pursue sustainable development and strive to enhance its profitability in order to ensure stability in production and keep its operation in order with a view to mitigate the adverse impacts.

BUSINESS REVIEW

The Group sold an aggregate of approximately 39,500 units (which was comprised of approximately 8,500 units of scooters and 31,000 units of cubs) in Vietnam for the year ended 31 December 2023, representing a decrease of 13.0% compared to the corresponding period of the previous year. The Group sold an aggregate of approximately 46,800 units of scooters and cubs by exporting to Association of Southeast Asian Nations ("ASEAN") countries for the year ended 31 December 2023, representing a decrease of 26.9% compared to the corresponding period of the previous year.

The decrease in the Group's total sales volume in Vietnam was mainly attributable to the slowdown in Vietnam's economic growth, where economic uncertainties, including worsening inflation, soaring interest rates and increasing unemployed, have raised serious concerns about the purchasing power of the country, which in turn has translated into pessimism among consumers and a tendency to preserve their purchasing power. Despite various unfavourable factors, the Group continued to launch new products and hold online and physical advertising campaigns to attract consumers' attention in order to mitigate the sales decline in Vietnam. The Group has introduced a brand-new scooter model "SHARK" in 2023, which was well recognised by both distributors and consumers, resulting in increase in the Group's sales volume for scooters and slightly offsetting the impact of the more prudent consumer behaviour in Vietnam. In terms of brand building, the Group has been working with its distributors to build more modern physical stores to enhance the image of the SYM brand and provide consumers with a more comfortable product display environment and repair service area, so as to continue to explore and focus on its channel operations in Vietnam.

The decrease in the Group's total export sales volume to ASEAN countries was mainly attributable to the sale in key markets such as Malaysia and Thailand were lower than expected. The significant depreciation of their currencies against the US dollar of the above-mentioned countries and the unfavourable impact of foreign exchange transactions have slowed down the willingness of distributors in those markets to import, while Japanese motorbike manufacturers, with their absolute dominance in terms of distribution channels and brand images, have expanded their promotional efforts, squeezing out the sales space of other motorbike brands, thereby affecting the Group's sales growth. In respect of operation, by upholding the strategy of market risk diversification, the Group aggressively explored the markets other than ASEAN countries, including Europe and Middle East markets, exploiting diversified distribution channels, which achieved results of improvement in the sales performance for 2023. The total export sales volume to Dubai in 2023 increased by 25.3% from 2022. The Group will continuously develop new customers, and also improved the relationships with existing customers.

The Group is committed to integrating its sales network to match marketing strategies, enhancing brand awareness and maintaining customer loyalty. As of 31 December 2023, the Group's extensive distribution network comprised over 181 SYM authorised stores owned by dealers, covering every province in Vietnam.

FINANCIAL REVIEW

The Group's net profit for the year ended 31 December 2023 was improved by US$1.9 million, from a net loss of US$0.2 million for the year ended 31 December 2022 to a net profit of US$1.7 million for the year ended 31 December 2023. Further analysis on the operating results of the Group is set out below.

REVENUE

Revenue of the Group for the year ended 31 December 2023 decreased to US$105.1 million from US$132.9 million for the year ended 31 December 2022, representing a decrease of US$27.8 million or 20.9%. For domestic sales, the restrained purchasing power of Vietnamese consumers affected the sales of products, resulting in a decrease in revenue, which was partially offset by the Group's stable brand loyalty and sales channels, as well as a slight increase in the continuous operation of our new products in the Vietnamese market in 2023. For overseas sales, the Thai market was affected by the aggressive market capturing from Japanese competitors and the price competition in the local market, resulting in a decline in sales volume and revenue for the Group's high-priced scooters. In Malaysia, sales slowed down due to the stagnant economic growth and weak consumer demand. To alleviate the impact of declined sales in Thailand and Malaysia, the Group's major export markets, the Group has been developing new customers in Greece and Dubai. The Group will continue to actively develop new models and wide variety of products to satisfy consumer demand and enhance the Group's revenue.

In terms of geographical contribution, approximately 34.4% of total revenue was generated from the domestic market in Vietnam for the year ended 31 December 2023 as compared with approximately 29.6% for the year ended 31 December 2022. Revenue from domestic sales in Vietnam decreased by 8.1% from US$39.3 million for the year ended 31 December 2022 to US$36.1 million for the year ended 31 December 2023. Revenue from export sales decreased by 26.3% from US$93.6 million for the year ended 31 December 2022 to US$69.0 million for the year ended 31 December 2023.

COST OF SALES

The Group's cost of sales decreased by 24.8%, from US$119.3 million for the year ended 31 December 2022 to US$89.7 million for the year ended 31 December 2023. The majority of the Group's cost of sales comprised of raw material cost and direct labour costs. The decrease was mainly due to the decline in overall sales volume. The Group improve its bargaining power with certain suppliers through bulk purchasing, and in turn reduce its production costs, which partially offset the increase in raw material costs. That change will help to a certain extent stabilize production costs and enhance the profitability of the Group.

As a percentage of total revenue, the Group's cost of sales decreased from 89.8% for the year ended 31 December 2022 to 85.3% for the year ended 31 December 2023. The Group will continue to strive to reduce the production cost per unit and stabilise production costs by developing new sourcing channels and re-selecting suppliers.

GROSS PROFIT AND GROSS PROFIT MARGIN

For the year ended 31 December 2023, the Group recorded a gross profit and gross profit margin of approximately US$15.5 million and 14.7% respectively (for the year ended 31 December 2022: gross profit and gross profit margin of approximately US$13.6 million and 10.2% respectively), representing an increase of US$1.9 million in gross profit and 4.5 percentage points in gross profit margin. Because the Group flexibly arrange procurement to stabilize production costs, optimise its product sales structure, strengthen sales strategies, and expand Europe and Middle East market, the group can maintain an appropriate profit margin for its products.

DISTRIBUTION EXPENSES

The Group's distribution expenses decreased by 4.8%, from US$6.2 million for the year ended 31 December 2022 to US$5.9 million for the year ended 31 December 2023. The decrease in distribution expenses was mainly attributable to the decrease in transportation-related expenses and package expenses resulting from the decreasing export sales volume of the Group to ASEAN countries.

TECHNOLOGY TRANSFER FEES

The technology transfer fees slightly increased by 5.2% from US$0.77 million for the year ended 31 December 2022 to US$0.81 million for the year ended 31 December 2023, resulting from an increase in the sales of SYM-branded motorbike models, which require payment of technology transfer fees, in Vietnam and ASEAN countries.

ADMINISTRATIVE AND OTHER OPERATING EXPENSES

The Group's administrative and other operating expenses increased by 11.3% from US$7.1 million for the year ended 31 December 2022 to US$7.9 million for the year ended 31 December 2023, mainly due to increase in professional services fees and office expenses. The Group's administrative and other operating expenses is 7.5% of the Group's total revenue for the year ended 31 December 2023.

RESULTS FROM OPERATING ACTIVITIES

As a result of the factors discussed above, for the year ended 31 December 2023, the Group recorded a profit from operating activities of US$1.9 million (for the year ended 31 December 2022: US$0.6 million).

IMPAIRMENT LOSS ON OTHER PROPERTY, PLANT AND EQUIPMENT AND PREPAYMENTS FOR OTHER PROPERTY, PLANT AND EQUIPMENT

The Group suffered significant operating losses over the past few years due to the fierce competition in the motorbike industry and increase of manufacturing costs on new launched products, resulting in the poor results of the Group's manufacturing and sales of motorbikes segment, and manufacturing and sales of spare parts and engines segment over the past few years. The Group considered it was an indication that the other property, plant and equipment and prepayments for other property, plant and equipment (the "Relevant PPE") may be impaired. Accordingly, the Group carried out an impairment testing on the Relevant PPE and noted an impairment loss of approximately US$0.5 million on the other property, plant and equipment and prepayments for other property, plant and equipment were required as at 31 December 2023.

NET FINANCE INCOME

The Group's net finance income increased by 300.0%, from US$0.1 million for the year ended 31 December 2022 to US$0.4 million for the year ended 31 December 2023. Such increase was mainly attributable to decrease the recognition of foreign exchange losses of US$0.2 million arising from fluctuation of the Vietnamese Dong against the US dollar for 2023, increase in bank interest expense by US$1.1 million and offset by increase in bank interest income by US$1.2 million.

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

As a result of the factors discussed above, the Group recorded a net profit of US$1.7 million for the year ended 31 December 2023, which was an improvement by US$1.9 million, as compared to the net loss of US$0.2 million for the year ended 31 December 2022. The Group recorded the net loss of 0.2% for the year ended 31 December 2022, which was improved to the net profit margin for the year ended 31 December 2023 of 1.6%.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2023, the Group's net current assets amounted to US$44.8 million (31 December 2022: US$44.3 million) which consisted of current assets of US$97.6 million (31 December 2022: US$118.1million) and current liabilities of US$52.8 million (31 December 2022: US$73.8 million).

As at 31 December 2023, the Group's interest-bearing loans repayable within one year was US$42.8 million (31 December 2022: US$40.2 million). As at 31 December 2023, the Group had no interest-bearing loans repayable beyond one year (31 December 2022: Nil). As at 31 December 2023, the gearing ratio was 83.7% (31 December 2022: 79.0%) calculated by dividing total bank loans by total shareholders' equity.

As at 31 December 2023, the Group's cash and bank balances (including bank deposits), amounted to US$54.0 million, which included US$48.9 million denominated in Vietnamese Dong, US$4.6 million denominated in US dollar and US$0.5 million denominated in New Taiwan Dollar (31 December 2022: US$55.3 million, which included US$47.9 million denominated in Vietnamese Dong, US$6.5 million denominated in US dollar and US$0.9 million denominated in New Taiwan Dollar).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Transactions of the Group are mainly denominated in Vietnamese Dong and US dollar. The Group will closely monitor the trend of fluctuation exchange rate and strengthen relevant personnel's awareness of risk prevention to deal with exchange rate risks. The Group adopts conservative treasury policies in cash and financial management, with its cash generally placed in short-term deposits mostly denominated in Vietnamese Dong and US dollar. As at 31 December 2023, the Group did not use any financial instrument to hedge its foreign exchange risks.

KEY FINANCIAL INDICATORS

For details of the key financial performance indicators to the performance of the Group's business, please refer to "Financial Summary" on page 3 of this annual report.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Group had no material capital commitments and contingent liabilities as at 31 December 2023.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the year ended 31 December 2023, the Group had no material acquisition or disposal of subsidiaries and associated companies.

SIGNIFICANT INVESTMENT HELD

During the year ended 31 December 2023, the Group did not hold any significant investment.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, the Group did not have any other specific plan for material investments or acquisitions of capital assets as at 31 December 2023.

PLEDGE ON ASSETS

As at 31 December 2023, the Group pledged its bank time deposits of US$24,264,950 as securities for banking facilities granted to the Group.

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

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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 2023, the Group had 1,109 employees (2022: 1,155). The total amount of salaries and related costs for the year ended 31 December 2023 amounted to approximately US$12.0 million (2022: US$12.1 million).

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

Subsequent to the year ended 31 December 2023 and up to the date of this report, there were no significant events that might affect the Group.

PROSPECTS

Looking forward into 2024, the global economy is expected to continue encountering challenges including inflation and high interest rates, all of which will hamper consumption sentiment and seriously affecting the operating environment for the motorbikes manufacturing and sales sector. It is expected that the supply of various global and local raw materials, energy and packaging materials will also continue to be affected in 2024, maintaining the prices at a high level. In view of this, the Group will purchase raw materials and parts in a more flexible and diversified manner to stabilise its production cost and enhance its efficiency.

The Group will increase the placement of brand advertising, continue to strengthen market promotion and plan to roll out a number of new or modified motorbike models in the Vietnamese, ASEAN countries, Europe and Middle East markets, including scooter and cub, so as to achieve product diversification. The Group will consider to further expand its existing manufacturing facilities to satisfy its prestige customers' needs and greater profitability. The Group will also continue extend the geographical coverage of its sales and services centres in order to provide its customers with better product repair, maintenance services and enhance the brand loyalty.

In regard to our manufacturing plants and facilities, as the Vietnamese government accelerated the pace of urbanisation and societal transformation, the Group has relocated the manufacturing facilities in Bien Hoa City of Dong Nai Province to Nhon Trach Industrial Zone II in 2019. The Group will continue to review the strategic function value and asset value of the manufacturing plants and facilities in Bien Hoa City of Dong Nai Province, or the potential return on land development. In addition, as disclosed in the announcement of the Company dated 14 May 2018, the Group proposed to establish a joint venture company for the purpose of investing in and development of a project of the Group in connection with the plots of land located at La Khe Ward, Ha Tay District, Hanoi City, Vietnam. As of the date of this report, the Group is still in discussion and negotiation with the relevant government authorities and the joint venture partner as to the application for the land development project and the timetable for the establishment of the joint venture company. Upon the formal documents for the approval of land development are issued by the Vietnamese government authorities, the manufacturing facilities of the Group in Ha Tay District will be moved out of their current location.

The Group will seize all available development opportunities to enhance its long-term profitability and maximise returns for the shareholders of the Company.

APPLICATION OF INITIAL PUBLIC OFFERING PROCEEDS

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

The table below sets out the detailed items of the use of proceeds from the initial public offering as at 31 December 2023:

	Net proceeds from the initial public offering as stated in the Prospectus and the Announcement	**Balance unutilised as at 1 January 2023**	**Amounts utilised during the year ended 31 December 2023**	**Balance unutilised as at 31 December 2023**
	Approximately in US$' million	*Approximately in US$' million*	*Approximately in US$' million*	*Approximately in US$' million*
Construction of research and development centre in Vietnam	11.7	–	–	–
Expanding distribution channels in Vietnam				
– Upgrading of existing facilities	4.0	–	–	–
– Establishing of new facilities	15.0	–	–	–
Mergers and acquisitions	9.0	–	–	–
General working capital	2.7	–	–	–
Development of production sites as well as the relocation of existing production facilities	15.0	3.0	0.5	2.5
Land development	19.3	15.1	–	15.1
Total	**76.7**	**18.1**	**0.5**	**17.6**

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

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

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The annual results for the year ended 31 December 2023 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.

FINAL DIVIDEND

The board (the "Board") of directors (the "Director(s)") of the Company (the "Board") does not recommend the payment of a final dividend for the year ended 31 December 2023.

OUR APPRECIATION

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

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

Hong Kong, 13 March 2024

Corporate Governance Report

The Board is committed to maintaining high standards of corporate governance. The principles of corporate governance adopted by the Company emphasize a Board of high quality, sound internal control, transparency and accountability to all Shareholders.

CORPORATE CULTURE

While staying the concept of "Quality First and Customer Satisfaction", the Company is committed to building a positive and progressive culture in terms of the vision, mission and values.

The Company strictly complies with national laws and regulations, continuously improves the corporate governance structure, and makes efforts to enhance the level of corporate governance. The Company will continue to carry forward the corporate culture of integrity, take a high standard of business ethics as a criterion to follow for business development and actively shoulder and fulfill our responsibilities in environmental protection, striving to lay a good foundation for high-quality and sustainable development of the Company and continuously create value for shareholders, customers, employees and society.

Details of the corporate culture, business strategies and business models of the Company are set out in the "Management Discussion and Analysis" and "Environmental, Social and Governance Report" sections of this annual report.

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2023, the Company has complied with all applicable code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix C1 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as the code of conduct in respect of transactions in securities of the Company by the Directors. Having made specific enquiries with all the Directors, the Company confirms that the Directors have complied with the required standard set out in the Model Code for the year ended 31 December 2023.

THE BOARD OF DIRECTORS

The Board has a balance of skills and experience and a balanced composition of executive Directors and non-executive Directors and is responsible for the oversight of the management of the Group's business and affairs.

The principal roles of the Board are:

(a) to set the Group's objectives, strategies, policies and business plan;

(b) to monitor and control operating and financial performance by deciding the annual budget; and

(c) to set appropriate policies to manage risks in pursuit of the Group's strategic objectives.

The Board has delegated the day-to-day operational responsibilities to the executive Directors and senior management of the Company. The executive Directors and senior management of the Company, who meet on a regular basis and are accountable to the Board, collectively make principal management decisions according to the delegated authorities from the Board.

The Company has established mechanisms to ensure independent views and input are available to the Board including but not limited to, all Directors are entitled to retain independent professional advisors as and when it is required, all Directors are encouraged to express their views in an open and candid manner during the Board or committees meetings and that the number of independent non-executive Directors comply with the requirements of the Listing Rules that at least one-third of the Board members are independent non-executive Directors. The implementation and effectiveness of such mechanisms are reviewed on an annual basis by the Board.

COMPOSITION OF THE BOARD

The members of the Board for the year ended 31 December 2023 and as at the date of this annual report are:

Executive Directors

Mr. Liu Wu Hsiung *(Chairman)*
Ms. Wu Jui Chiao *(Acting Chief Executive Officer)* (appointed on 3 November 2023)
Mr. Lin Chun Yu
Mr. Huang Tsung Yeh (resigned on 3 November 2023)

Non-executive Directors

Ms. Wu Li Chu
Mr. Chen Hsu Pin
Mr. Liu Ju Cheng (appointed on 3 November 2023)
Mr. Chiang Chin Yung (resigned on 3 November 2023)

Independent Non-executive Directors

Ms. Lin Ching Ching
Mr. Cheung On Kit Andrew
Ms. Wu Hui Lan (appointed on 3 November 2023)
Ms. Wu Kwei Mei (resigned on 3 November 2023)

The Directors (including the chairman of the Board and the acting chief executive officer) have no financial, business, family or other material/relevant relationships with each other. The biographical details of the current Directors are set out in the "Directors and Senior Management Profile" section on pages 19 to 21 of this annual report.

The Company has also maintained on its website and that of the Stock Exchange an updated list of the Directors identifying their roles and functions. The independent non-executive Directors are explicitly identified in all of the Company's corporate communications.

BOARD MEETINGS AND GENERAL MEETINGS

A Board meeting is held at least quarterly, and more frequently as and when business or operational needs arise. The Board meetings are also held whenever necessary to discuss various corporate matters including corporate actions, new major investments and significant changes in regulatory requirements that affect the Group. Board meetings are also held to discuss and review the quarterly, interim and annual results of the Group before the publication of results announcements, and to discuss and approve the Group's annual budget and business plans.

8 Board meetings and 1 annual general meeting were held during the year ended 31 December 2023. The attendance record of each Director at the Board meetings and the general meetings is set out in the table below:

	Number of Attendance/ Number of Meetings During Tenure	
Name of Directors	**Board meetings**	**General meetings**
Mr. Liu Wu Hsiung	8/8	1/1
Ms. Wu Jui Chiao (appointed on 3 November 2013)	1/1	0/0
Mr. Lin Chun Yu	8/8	1/1
Ms. Wu Li Chu	7/8	0/1
Mr. Chen Hsu Pin	7/8	0/1
Mr. Liu Ju Cheng (appointed on 3 November 2013)	0/1	0/0
Ms. Lin Ching Ching	8/8	1/1
Mr. Cheung On Kit Andrew	8/8	1/1
Ms. Wu Hui Lan (appointed on 3 November 2013)	1/1	0/0
Mr. Huang Tsung Yeh (resigned on 3 November 2023)	6/6	0/1
Mr. Chiang Chin Yung (resigned on 3 November 2023)	6/6	1/1
Ms. Wu Kwei Mei (resigned on 3 November 2023)	6/6	1/1

Minutes of Board meetings and Board committee meetings are recorded in appropriate detail and are kept by the Company appropriately. Draft minutes are circulated to the Directors for comment within a reasonable period of time after each meeting and the final version is open for the Directors' inspection. If necessary, the Directors may, upon reasonable request, seek independent professional advice in appropriate circumstances, at the Company's expense.

THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under code provision C.2.1 of the Code, the roles of the chairman and the chief executive officer should be separated and should not be performed by the same individual. As at the date of this report, the chairman and acting chief executive officer of the Company are Mr. Liu Wu Hsiung and Ms. Wu Jui Chiao respectively.

The roles and responsibilities of the chairman and the chief executive officer of the Company are separated so as to ensure a balance of power and authority. This balance ensures that all matters brought before the Board are fully and objectively discussed, taking into account the interests of Shareholders as a whole, including in particular, those of the minority Shareholders.

TERM OF NON-EXECUTIVE DIRECTORS

Each of the non-executive Directors (including the independent non-executive Directors) is appointed for a specific term of three years, subject to re-election at annual general meetings of the Company in accordance with the articles of association of the Company ("Articles of Association").

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received written confirmations from each of the independent non-executive Directors of their independence pursuant to the factors set out in Rule 3.13 of the Listing Rules and considers them are independent.

REMUNERATION OF DIRECTORS AND FIVE EMPLOYEES WITH HIGHEST EMOLUMENTS

Details of the remuneration of the Directors and five employees with the highest remuneration for the year ended 31 December 2023 are set out in note 8 and note 9 to the consolidated financial statements, respectively.

BOARD COMMITTEES

The Company currently maintains three board committees (namely the audit committee, the remuneration committee and the Nomination Committee) with defined terms of reference which are posted on the websites of the Company and the Stock Exchange.

REMUNERATION COMMITTEE

The Company has established a remuneration committee (the "Remuneration Committee") which consists of two independent non-executive Directors and one executive Director. The members of the Remuneration Committee for the year ended 31 December 2023 were Ms. Lin Ching Ching (Chairman), Mr. Liu Wu Hsiung and Ms. Wu Hui Lan.

The Remuneration Committee is responsible for ensuring that the Company has formal and transparent procedures for developing and overseeing its policies on the remuneration of the Directors and senior management of the Company. The Remuneration Committee's authorities and duties are set out in its written terms of reference.

The terms of reference of the Remuneration Committee are aligned with the relevant provisions under the Code. The primary duties of the Remuneration Committee include:

(a) considering and recommending the Board on the Company's policy and structure of remuneration of the Directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing remuneration policy;
(b) recommending the Board on the specific remuneration packages of the executive Directors and senior management of the Company;
(c) recommending for the Board's approval the remuneration of the non-executive Directors;
(d) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
(e) reviewing and approving the compensation payable to the executive Directors and senior management of the Company in connection with any loss or termination of their office or appointment,
(f) reviewing and approving compensative arrangements relating to dismissal or removal of Directors for misconduct; and
(g) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

During the year ended 31 December 2023, the Remuneration Committee held four meetings. The Remuneration Committee recommended to the Board on the overall remuneration policy and structure relating to executive Directors and senior management of the Company and ensure none of the Directors determine their own remuneration. The Remuneration Committee also reviewed the discretionary bonuses for the two executive Directors, with a recommendation to the Board for approval. It also approved and recommended to the Board of the remuneration of the new executive Director, non-executive Director, independent non-executive Director and senior management.

The individual attendance record of each members of the meetings of the Remuneration Committee during the year ended 31 December 2023 is set out below:

Name of Directors	Number of Attendance/ Number of Committee Meetings During Tenure
Ms. Lin Ching Ching	4/4
Mr. Liu Wu Hsiung	4/4
Ms. Wu Hui Lan (appointed on 3 November 2023)	0/0
Ms. Wu Kwei Mei (resigned on 3 November 2023)	3/3

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") which consists of three independent non-executive Directors. The members of the Audit Committee for the year ended 31 December 2023 were Ms. Lin Ching Ching (Chairman), Mr. Cheung On Kit Andrew and Ms. Wu Hui Lan.

The terms of reference of the Audit Committee are aligned with the relevant provisions set out in the Code. The primary duties of the Audit Committee include:

(a) considering, and making recommendation to the Board on, the appointment, reappointment and removal of the external auditor, and approving the audit fee and other terms of engagement of the external auditor, and any questions of resignation or dismissal of the external auditor;
(b) discussing with external auditors before the audit commences, the nature and scope of the audit and reporting obligations;
(c) reviewing quarterly, interim and annual financial statements before submission to the Board;
(d) discussing problems and reservations arising from the audits, and any matters the external auditors may wish to discuss; and
(e) considering and reviewing the Company's financial report, risk management and internal control systems.

During the year ended 31 December 2023, the Audit Committee held five meetings and performed their duties. The Audit Committee met with the external auditors to discuss and review areas of concern, risk management and internal control system, and reviewed the interim and annual financial statements of the Group before submission to the Board. The Audit Committee has reviewed with management of the Company the accounting principles and practices adopted by the Group and discussed risk management and internal control and financial reporting matters including the review of the audited financial statements, the interim and annual reports. The Audit Committee received comprehensive reports from the management and the internal and external auditors of the Company for the meetings held. The annual results for the year ended 31 December 2023 have been reviewed by the Auditor Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements.

The individual attendance record of each member at the meetings of the Audit Committee during the ended 31 December 2023 is set out below:

Name of Directors	Number of Attendance/ Number of Committee Meetings During Tenure
Ms. Lin Ching Ching	5/5
Mr. Cheung On Kit Andrew	5/5
Ms. Wu Hui Lan (appointed on 3 November 2023)	1/1
Ms. Wu Kwei Mei (resigned on 3 November 2023)	4/4

NOMINATION COMMITTEE

The Company has established a Nomination Committee which consists of two independent non-executive Directors and one executive Director. The members of the Nomination Committee for the year ended 31 December 2023 were Mr. Liu Wu Hsiung (Chairman), Ms. Lin Ching Ching and Mr. Cheung On Kit Andrew.

The terms of reference of the Nomination Committee are aligned with the relevant provisions set out in the Code. The primary duties of the Nomination Committee include:

(a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations to the Board regarding any proposed changes;
(b) identifying individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
(c) assessing the independence of independent non-executive Directors;
(d) reviewing the Board's diversity policy on an annual basis; and make disclosure of its review results in the Corporate Governance Report annually; and
(e) making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for directors in particular the chairman and the chief executive officer.

The role of the Nomination Committee is to make recommendations to the Board on the appointment of Directors, evaluation of Board composition and the management of Board succession with reference to certain guidelines as endorsed by the Nomination Committee. These guidelines include appropriate professional knowledge and industry experience, personal ethnics, integrity and personal skills, time commitments of members, diversity of the Board members, the potential contribution could be brought to the Board and the independency of the nominees for the position of independent non-executive Directors. During the year ended 31 December 2023, the Nomination Committee held two meetings to discuss the Board structure, size and composition, making a recommendation to the Board for approval of the appointment of a new Director and making recommendation as to which Directors shall retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board members. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The Nomination Committee considers that it has made progress on achieving diversity of the Board by including members of different gender and education background and professional qualifications.

In terms of gender diversity, the gender diversity and parity of the Board members has been demonstrated with four female Directors among nine Directors on the Board as at 31 December 2023. The Nomination Committee will continue to search for and identify suitably qualified candidates and make nomination recommendations to the Board as and when appropriate to ensure there will be successors to the Board from time to time to maintain gender diversity wherever necessary.

As at 31 December 2023, the Group had 873 male employees and 236 female employees and the male-to-female ratio in the workforce, including the senior management, was approximately 4:1.

The Group will continue to take gender diversity into consideration during recruitment and increase the female proportion at all levels over time with the ultimate goal of achieving gender parity, such that there is a pipeline of female senior management and potential successors to the Board in the future.

The individual attendance record of each member at the meetings of the Audit Committee during the ended 31 December 2023 is set out below:

Name of Directors	Number of Attendance/ Number of Committee Meetings During Tenure
Mr. Liu Wu Hsiung	2/2
Ms. Lin Ching Ching	2/2
Mr. Cheung On Kit Andrew	2/2

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

For the year ended 31 December 2023, the remunerations paid or payable to KPMG, the external auditor of the Company, in respect of its audit services and non-audit services are US$388,903 and US$7,511 (2022: US$355,844 and US$7,150), respectively. The non-audit services for the year of 2023 mainly consist of tax services.

There was no disagreement between the Board and the Auditor Committee on the selection and appointment of the external auditor during the year ended 31 December 2023.

COMPANY SECRETARY

Ms. Lee Angel Pui Shan ("Ms. Lee") is the company secretary of the Company.

She is a corporate secretarial executive of SWCS Corporate Services Group (Hong Kong) Limited ("SWCS") and has extensive company secretarial professional experience. Her primary contact person with the Company is Mr. LIN Chun Yu, the executive Director and the chief financial officer of the Company.

Ms. Lee is responsible for providing advice to the Board on corporate governance matters. Ms. Lee has confirmed that she has taken no less than 15 hours of relevant professional training for the year ended 31 December 2023.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the Group keeps proper accounting records with reasonable accuracy of the financial position of the Group at the relevant time. The Directors are also responsible for ensuring that the preparation of the financial statements of the Group for the relevant accounting periods are in compliance with applicable statutory and regulatory requirements and that such financial statements give a true and fair view of the financial position, the financial performance and cashflows of the Group.

In preparing the financial statements of the Group for the year ended 31 December 2023, suitable accounting policies have been adopted and applied consistently. The Board is not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue in business. The financial statements of the Group for the reporting year have been prepared on a going concern basis.

PERFORMANCE OF CORPORATE GOVERNANCE DUTIES

The Board is responsible for performing the corporate governance duties set out in paragraph A.2.1 of the Code. During the year ended 31 December 2023, the Board had reviewed the Group's policies and practices on corporate governance and compliance with legal and regulatory requirements including monitors the Group of compliance with the corporate governance code during the year and the disclose in the corporate governance report. The Board also reviewed the training and continuous professional development of Directors and senior management of the Company.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group has set up the Internal Audit Department performs internal audit function and the Board is responsible for evaluating and determining the nature and extent of the risks (including material risks relating to environmental, social and governance) it is willing to take in achieving the Group's strategic business objectives, and ensuring the Group establishes and maintains appropriate and effective risk management and internal control systems. The Board also reviews and monitors the effectiveness of the internal control and risk management systems at least annually to ensure that the systems in place are adequate. The internal control system of the Group aims to facilitate effective and efficient operation which in turn minimises the risks to which the Group is exposed. The system can only provide reasonable but not absolute assurance against misstatement or losses.

The Board has conducted a review of the risk management and internal control system of the Group for the year ended 31 December 2023, covering financial, operational and legal compliance controls and risk management system. The Board keeps monitoring the risk management system on an ongoing basis, ensuring a review of the effectiveness of the Group's risk management system is conducted regularly. The Directors consider that the Group has implemented appropriate procedures safeguarding the Group's assets against unauthorised use or misappropriation, maintaining proper accounting records, execution with appropriate authority and compliance of the relevant laws and regulations. In addition, the Board also considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and internal audit and financial reporting function. For the year ended 31 December 2023, the management of the Company has confirmed to the Board that the risk management and internal control systems of the Company are effective and adequate.

The Group recognises that good risk management is essential for the long-term development on the Group's business. The management of the Company is responsible for establish, implement, review and evaluate the sound and effective internal control system underpinning the risk management framework. All employees are committed to implement the risk management framework into the daily operation.

The internal audit reports ("IA Reports") were issued by the management of the Company to the Audit Committee and the Board for review of the adequacy and effectiveness of the internal audit function. The issues raised in the IA Reports would be addressed and managed promptly by the management of the Company, and the Audit Committee and the Board are satisfied that there are adequate risk management and internal control systems in the Company.

Process used to identify, evaluate and manage significant risks

During the process of risk assessment, the management of the Company is responsible for identifying the risk of the Group and deciding on the risk levels and the Board is responsible for assessing and determining the nature and extent of the risks that are acceptable to the Group when achieving its strategic objectives. After discussing and taking into consideration the risk response, the relevant departments and business units shall be assigned to implement the risk management solutions in accordance with their respective roles and responsibilities. In the event of significant internal control deficiencies, the management of the Company will report to the Audit Committee and the Board in a timely manner to ensure that the deficiencies are promptly addressed on a timely basis.

Procedures and internal controls for the handling and dissemination of inside information

The Group complies with requirements of Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO") and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements or circulars are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

All Directors have been given relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group. And the newly appointed Directors were given an induction on the first occasion of his/her appointment so as to ensure that they have appropriate understanding of the Group's business and of their duties and responsibilities under the Listing Rules and the relevant statutory and regulatory requirements.

Ms. Wu Jui Chiao, Mr. Liu Ju Cheng and Ms. Wu Hui Lan were appointed as Directors on 3 November 2023. They all received the legal opinion as stated in Rule 3.09D of the Listing Rules on 24 October 2023, and each of them has confirmed his/her understanding of the obligations as a director of the listed issuer.

All Directors confirmed that they have complied with the code provision C.1.4 of the Code regarding the requirement on Directors' training.

During the year ended 31 December 2023, the continuing professional development participated by the Directors is summarized as follows:

Name of Directors	Reading materials or participating course, seminar and online debriefs regarding taxation, compliance, and global economic development
Mr. Liu Wu Hsiung	✓
Ms. Wu Jui Chiao	✓
Mr. Lin Chun Yu	✓
Ms. Wu Li Chu	✓
Mr. Chen Hsu Pin	✓
Mr. Liu Ju Cheng	✓
Ms. Lin Ching Ching	✓
Mr. Cheung On Kit Andrew	✓
Ms. Wu Hui Lan	✓

SAFEGUARDING THE INTERESTS OF INDEPENDENT SHAREHOLDERS

Mechanisms are in place to safeguard the interests of independent Shareholders in the decision making process in relation to (i) the deed of non-competition dated 26 November 2007 entered into between Sanyang Motor Co., Ltd. the then executive and non-executive Directors (collectively, the "Covenantors") and the Company (the "Deed of Non-competition"); and (ii) the continuing connected transactions entered into by the Group, as described below.

DEED OF NON-COMPETITION

The independent non-executive Directors are to review whether or not to pursue any investment or other commercial opportunity referred to the Company by any of the Covenantors under the Deed of Non-competition (to the extent such opportunity arises and is referred by the Covenantors.

For the year ended 31 December 2023, each of the Covenantors also declares that it/he/she has complied with the Deed of Non-competition. Having made specific enquiries with all of the Covenantors, the independent non-executive Directors confirmed the Covenantors' compliance with the Deed of Non-competition for the year ended 31 December 2023.

CONTINUING CONNECTED TRANSACTIONS

The continuing connected transactions entered into by the Group for the year ended 31 December 2023 were based on normal commercial terms, in the ordinary and usual course of business of the Group and were conducted on a fair and reasonable basis.

The independent non-executive Directors reviewed the terms of the continuing connected transactions entered into by the Group during the year ended 31 December 2023 to ensure that the terms of such transactions were in the best interests of the Company and the Shareholders as a whole.

The Company's external auditor, KPMG, reviewed the continuing connected transactions entered into by the Group during the year ended 31 December 2023 and provided a letter to the Board confirming (i) the matters set out in Rule 14A.56 of the Listing Rules; and (ii) that the amounts for the relevant continuing connected transactions have not exceeded the relevant proposed annual caps.

Details of the continuing connected transactions entered into by the Group during the year ended 31 December 2023 are set out on pages 27 to 28 of this annual report.

INVESTOR AND SHAREHOLDERS RELATIONS

The Board recognizes the importance of maintaining clear, timely and effective communication with the Shareholders and the Company's investors. The Board also recognizes that the effective communication with the Company's investors is the key to establishing investor confidence and attracting new investors. The Company has adopted a formal shareholders' communication policy which sets out the channels of communication with the Shareholders and other stakeholders, including general meetings, corporate website and corporate communication which includes documents issued by the Company for the information and action of Shareholders including but not limited to annual/interim report, circulars and announcements. Shareholders may send by email to the Company's email address (info@vmeph.com) or by post to the Company's principal place of business in Hong Kong (40th Floor, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong) to raise enquiries regarding the Company to the Board.

The Group is committed to maintaining a high degree of transparency to ensure that the Company's investors and the Shareholders are receiving accurate, clear, comprehensive and timely information relating to the Group via the publication of annual reports, interim reports, quarterly reports, announcements and circulars on the website of the Stock Exchange, and also via the Company's website at www.vmeph.com.

The Board continues to maintain regular dialogue with institutional investors and analysts to keep them informed of the Group's strategies, operations, management and plans. The Directors and the committee members are available to answer questions in the annual general meeting of the Company. External auditors are also available at such annual general meeting to address Shareholders' queries. Separate resolutions are proposed at such annual general meeting on each substantially separate issue.

The Company has held the annual general meeting for the year ended 31 December 2022 on 16 June 2023. The annual general meeting enabled the Directors to exchange views with the Shareholders and answer their questions.

The Company has reviewed the shareholders' communication policy and its implementation, and believes that during the year ended 31 December 2023, the policy and its implementation remained effective.

SHAREHOLDERS' RIGHTS

Shareholders may put forward their proposals or inquiries to the Board by sending their written request to the Company's principal place of business in Hong Kong at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong, for the attention of the Board.

(a) Procedures for Shareholders to convene an extraordinary general meeting ("EGM")

The Board shall, on the requisition in writing of one or more Shareholders holding at the date of deposit of requisition of not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company on a one vote per share basis upon which all calls or other sums then due have been paid; and the EGM shall be held within two months after the deposit of such requisition. The written request, stating the objects or resolution of the EGM and signed by the Shareholders concerned, should be deposited at the Company's principal place of business in Hong Kong at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong, for the attention of the Board. If within twenty-one clear days of such deposit the Board fails to proceed to convene the EGM, the requisitionist(s) may convene an EGM in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

(b) Procedures for putting forward proposals at shareholders' meeting

There are no provisions under the Company's Articles of Association or the Companies Act, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands regarding procedures for Shareholders to put forward proposals at general meetings other than a proposal of a person for election as Director. Shareholders may follow the procedures for convening an EGM in putting forward proposals at a general meeting.

Pursuant to Article 88 of the Company's Articles of Association, no person other than a retiring director shall, unless recommended by the Board for election, be eligible for election to the office of director at any general meeting, unless a Shareholder other than the person to be proposed shall have given a notice in writing of the intention to propose that person for election as a Director and also a notice in writing by that person of his willingness to be elected shall have been given to the Company in the period commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than 7 clear days prior to the date of such meeting, provided that the minimum length of such notice period shall be at least 7 clear days. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules.

(c) Shareholders' enquiries

Shareholders should direct their questions about their shareholdings to the Company's Hong Kong branch share registrar. Shareholders and potential investors of the Company may at any time make a request for the Company's information to the extent that such information is publicly available. Shareholders may also make enquiries to the Board by writing to the company secretary of the Company, at the Company's principal place of business in Hong Kong at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong.

CONSTITUTIONAL DOCUMENTS

There are no other changes in the Company's Articles of Association for the year ended 31 December 2023.

The following sets out the profile of the Directors of the Company and senior management of the Group as at the date of this annual report:

DIRECTORS

Executive Directors

Mr. Liu Wu Hsiung (劉武雄), aged 59, was appointed as an executive Director and the chairman of the Board of the Company on 16 May 2015. Mr. Liu is also the chairman of the Nomination Committee and a member of the Remuneration Committee. Mr. Liu was the director of Taisun Int'l (Holding) Corp. from June 2020 to December 2023. Mr. Liu was a non-executive Director of the Company from November 2007 to January 2012. Mr. Liu joined the Group in 1996 and worked from 1996 to 1999 in the sales department of Vietnam Manufacturing and Export Processing Co. Ltd. ("VMEP"), a major subsidiary of the Company.

Prior to joining the Group, Mr. Liu had also worked in various departments of Sanyang Motor Co., Ltd. ("Sanyang", together with its subsidiaries, the "Sanyang Group"), the ultimate holding company of the Company, including strategic planning and overseas market management from 1988 onwards, he became the vice general director of the overseas business division of Sanyang from 2006 to 2009, and the general manager of Sanyang Motor Vietnam Co., Ltd. from 2009 to May 2015. Mr. Liu has over 30 years of experience in the motor vehicle industry which he has acquired through his work experience and leadership role at the Group and Sanyang. Mr. Liu graduated from Feng Chia University in Taiwan with a bachelor's degree in international trade in 1986. He also holds a master's degree in business administration from Cheng Chi University in Taiwan and an executive master degree in business administration (EMBA) from Taiwan University respectively.

Ms. Wu Jui Chiao (吳睿蕎), aged 41, was appointed as an executive Director in November 2023. Ms. Wu joined the Group in December 2017 and is currently an acting chief executive officer of the Company, a director and an acting general manager of the Company's subsidiaries, VMEP and an acting general manager of the Company's subsidiaries, CHIN ZONG TRADING CO., LTD.. Ms. Wu is primarily responsible for handling the operation of the corporate and formulating business strategies of the Group. Ms. Wu has over 10 years of experience in administration and management and is familiar with the day-to-day operations of the Group. Ms. Wu received her undergraduate degree in safety, health and environmental engineering from United University, Taiwan in 2004. Ms. Wu is the niece of Ms. Wu Li Chu (a non-executive Director of the Company).

Mr. Lin Chun Yu (林俊宇), aged 49, was appointed as an executive Director of the Company in April 2016. Mr. Lin has over 20 years of experience in the audit and finance field and has held senior financial and administration management positions in various companies. Mr. Lin joined the Group in June 2015, and is currently the chief financial officer of the Company and the head of the finance department of various major subsidiaries of the Group, including VMEP and Vietnam Casting Forge Precision Ltd. ("VCFP") and the assistant vice president in the real estate development department of VMEP. Before joining the Group in June 2015, he was the finance manager of Sanyang Motor Vietnam Co., Ltd., a subsidiary of Sanyang. which is the ultimate holding company of the Group, from 2010 to 2015. Mr. Lin graduated from Fu Jen Catholic University in Taiwan with a bachelor degree in accounting in 1997.

Non-executive Directors

Ms. Wu Li Chu (吳麗珠), aged 58, was appointed as an executive Director of the Company in August 2015 and re-designated as a non-executive Director of the Company on 27 June 2016. She is currently the vice chairman of Sanyang and a director of various subsidiaries of Sanyang Group. She has also worked as the finance manager at Jiou Ding Construction Co., Ltd., and finance and administration officer at Ying Cheng Construction Co., Ltd. Ms. Wu has over 25 years of experience in finance, administration and management by holding leader positions in companies in the construction and manufacturing industry in Taiwan. Ms. Wu also holds an executive master degree in business administration (EMBA) from Nanjing Normal University.

Mr. Chen Hsu Pin (陳旭斌), aged 67, was appointed as a non-executive Director in April 2021. He has over 35 years of experience in the motor vehicle industry which he has acquired through his work experience and leadership role at Sanyang Group. He has joined Sanyang Group since 1983, and had worked in various departments of Sanyang Group including research and development, sales, management and marketing. He was the general manager of Sanyang's subsidiaries, namely, Xiamen Xiashing Motorcycle Co., Ltd and Three Brothers Machinery Industrial Co., Ltd. Mr. Chen is the vice president in president office of Sanyang and a director of a few subsidiaries of Sanyang. He graduated from Chung Yuan Christian University, Taiwan with a bachelor degree in mechanical engineering in 1979 and Chiao Tung University, Taiwan with a master degree in mechanical engineering in 1983.

Mr. Liu Ju Cheng (柳如承), aged 44, was appointed as a non-executive Director in November 2023. Mr. Liu has extensive experience of over 10 years in sales, foreign operation, accounting, audit and financial management. Mr. Liu has been management role of overseas marketing division and overseas marketing sector at Sanyang since 2016. Prior to joining Sanyang, he served as consultant for financial underwriting and management at Fubon Securities Co., Ltd. from 2005 to 2010, served as financial manager at Zentek Photonics, Inc from 2010 to 2011 and served as sale manager at Empire Vision Optical Co., Ltd. from 2012 to 2016. Mr. Liu obtained a master's degree in business administration from Aston Business School in the United Kingdom in 2009.

Independent non-executive Directors

Ms. Lin Ching Ching (林青青), aged 59, was appointed as an independent non-executive Director of the Company in November 2007. Ms. Lin is the chairman of the Audit Committee and the Remuneration Committee and a member of the Nomination Committee. Ms. Lin was the supervisor of Sea Sonic Electronics Co., Ltd. (a publicly-traded company in Taiwan, stock code: 6203) from June 2017 to June 2020. She was an independent director of Sea Sonic Electronics Co., Ltd. in June 2023. Ms. Lin has over 25 years of experience in the finance industry and has held senior financial management positions in various companies, including Deloitte & Touche, Corporate Finance Co., Ltd. and Citibank, N.A., Taipei. She graduated from Eastern Michigan University with a master's degree in business administration in 1991 and graduated from Fu Jen Catholic University in Taiwan with a bachelor's degree in accounting in 1987.

Mr. Cheung On Kit Andrew (張安杰), aged 44, was appointed as an independent non-executive Director of the Company in September 2020. Mr. Cheung is also a member of the Audit Committee and the Nomination Committee.

Mr. Cheung is an executive director and a responsible officer of Opus Capital Limited. Mr. Cheung has over 19 years of experience in the financial industry spanning across corporate finance advisory, mergers and acquisitions advisory and financial analysis. Mr. Cheung is a fellow of the Hong Kong Securities and Investment Institute and a member of Chartered Accountants Australia and New Zealand and the Hong Kong Independent Non-Executive Director Association. Mr. Cheung was an independent non-executive director of Universal Star (Holdings) Limited (stock code: 2346) from August 2022 to January 2023.

Prior to joining Opus Capital Limited, Mr. Cheung held senior execution positions with CCB International Capital Limited and Oceanwide Capital Limited (currently known as Quam Capital Limited), the investment banking arm of China Oceanwide International Financial Limited (currently known as Quam Plus International Financial Limited) (stock code: 952). Before that, he was an associate director at Somerley Capital Limited, the principal subsidiary of Somerley Capital Holdings Limited (stock code: 8439) from 2010 to 2017. Mr. Cheung had also worked in the mergers and acquisitions department of KPMG Hong Kong and Deloitte's corporate finance departments in Australia and Singapore between 2007 and 2009.

Mr. Cheung obtained his master of commerce (funds management) at University of New South Wales, Australia. He also received his bachelor of commerce (accounting)/bachelor of business administration at Macquarie University, Australia.

Ms. Wu Hui Lan (吳惠蘭), aged 64, was appointed as an independent non-executive Director of the Company in November 2023, and she is also a member of the Audit Committee and the Remuneration Committee. Ms. Wu has over 30 years of experience in audit, management accounting, and corporate governance. Ms. Wu is currently a chairman and general manager of Mutual Benefit Consulting Co., Ltd., a director of SIPP Technology Corporation, a director of E-Sight Co., Ltd. and a partner of Chuan Jhih CPA Firm. She was also an independent director, the chairman of the audit committee and the remuneration committee of Rayzher Industrial Co., Ltd. (an emerging stock board company in Taiwan, stock code: 7703) on 17 November 2023.

Ms. Wu worked at Ainos Inc. (a company listed on NASDAQ, America, stock code: AIMD) from 2021 to 2023 as chief financial officer. She also served as a partner at KPMG Taiwan and worked at KPMG Taiwan for 22 years and her primary responsibilities included providing initial public offering, internal management and control systems and financial statement audit and assurance work. In addition, Ms. Wu is dedicated to promoting impact investment in Taiwan. She has provided guidance to numerous startup companies through organizations such as iLab Accelerator and Center of Industry Accelerator and Patent Strategy of Yang Ming Chiao Tung University Industry in Taiwan.

Ms. Wu holds an executive master degree of business administration (EMBA) from Yang Ming Chiao Tung University in Taiwan. She is a certified public accountant of China and the Republic of China.

COMPANY SECRETARY

Ms. Lee Angel Pui Shan (李謝佩珊) was appointed as the company secretary of the Company from 4 March 2022. Ms. Lee is a corporate secretarial executive of SWCS and has extensive company secretarial professional experience. Ms. Lee holds a bachelor's degree in accounting. She is certified public accountant of The Hong Kong Institute of Certified Public Accountants, and an associate member of The Chartered Governance Institute. Before joining SWCS, she worked for Ernst & Young (Hong Kong and Beijing), participated in a number of Chinese overseas listings, and was also responsible for many internal control projects to meet the requirements of Hong Kong and overseas listings.

SENIOR MANAGEMENT

Mr. Huang Lu Wei (黃律惟), aged 45, is the assistant vice president of south area marketing division of VMEP. Mr. Huang joined the Group in 2016 and has extensive experience in sales and purchasing. He graduated from Tamkang University in Taiwan with a bachelor's degree of water resources and environmental engineering in 2003.

Mr. Tsai Yu Tsai (蔡有財), age 66, is the assistant vice president of quality control management department of VMEP. Mr. Tsai joined the Group in 1999 and has over 36 years of experience in the production of motorbikes. He graduated from Kai Nan High School of Commerce and Industry in Taiwan with a degree in mechanical engineering in 1973.

Mr, Wang Yu Ying (王友穎), aged 47, is the assistant vice president of research and development department of VMEP. Mr. Wang joined the Group in 2023 and has over 19 years of experience in the research and development of motorbikes. He graduated from Feng Chia University in Taiwan with a master degree in mechanical engineering in 2003.

Mr. Yang Wen Te (楊文德), aged 54, is the vice president of VCFP. Mr. Yang joined the Group in 2010 and has over 31 years of experience in the production of vehicles and motorbikes. He graduated from Youth Senior High School in Taiwan with a degree in auto mechanics in 1988.

The Board hereby present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2023.

DIRECTORS

The Directors of the Company for the year ended 31 December 2023 and up to the date of this annual report were:

Executive Directors

Mr. Liu Wu Hsiung *(Chairman)*
Ms. Wu Jui Chiao *(Acting Chief Executive Officer)* (appointed on 3 November 2023)
Mr. Lin Chun Yu
Mr. Huang Tsung Yeh (resigned on 3 November 2023)(1)

Non-executive Directors

Ms. Wu Li Chu
Mr. Chen Hsu Pin
Mr. Liu Ju Cheng (appointed on 3 November 2023)
Mr. Chiang Chin Yung (resigned on 3 November 2023)(2)

Independent Non-executive Directors

Ms. Lin Ching Ching
Mr. Cheung On Kit Andrew
Ms. Wu Hui Lan (appointed on 3 November 2023)
Ms. Wu Kwei Mei (resigned on 3 November 2023)(3)

Notes:

1. Mr. Huang Tsung Yeh resigned as Director due to his decision to devote more time for his other endeavours.

2. Mr. Chiang Chin Yung resigned as Director in order to devote more time to his personal engagements.

3. Ms. Wu Kwei Mei resigned as Director in order to devote more time to her personal engagements.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding and the principal activities of the Group are manufacturing and sale of motorbikes, related spare parts and engines and provision of motorbike maintenance services. Particulars of the principal activities of the Company's major subsidiaries are set out in note 26 to the consolidated financial statements.

Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance can be found in the Management Discussion and Analysis set out on pages 4 to 9 of this annual report. This discussion forms part of this directors' report.

RESULTS AND DIVIDENDS

The Group's result for the year ended 31 December 2023 and the financial position of the Group as at that date are set out in the financial statements on pages 56 to 104 of this annual report.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

DIVIDEND POLICY

The Company has adopted a dividend policy, the objective of which is to allow shareholders of the Company to participate in the Company's profits whilst retaining adequate reserves to sustain the Group's future growth. The payment of dividend is also subject to any restrictions under the applicable laws and the requirements of the Articles of Association of the Company. In deciding whether to declare any dividend, the Board will take into account a number of factors, including the financial results, the distributable reserves, the operations and liquidity requirements, and the current and future development plans of the Company.

The dividend policy of the Company will continue to be reviewed from time to time and there is no assurance that any dividend will be paid in any particular amount for any given period or that the Company is obliged to declare any dividend at any time or from time to time.

FINANCIAL SUMMARY

A financial summary of the results and the financial position of the Group for the last five financial years for the year ended 31 December 2023 is set out on page 3 on this annual report.

TAX RELIEF

The Directors are not aware of any tax relief available to the Shareholders by reason of their holding of the Company's securities.

OTHER PROPERTY, PLANT AND EQUIPMENT

Details of movements in the other property, plant and equipment of the Group during year ended 31 December 2023 are set out in note 11 to the consolidated financial statements.

BANK LOANS

Details of bank loans are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Group's registered and issued share capital for the year ended 31 December 2023 are set out in note 20 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the memorandum and Articles of Association of the Company or the Companies Laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities for the year ended 31 December 2023.

RESERVES

Details of movements in the reserves of the Company and the Group for the year ended 31 December 2023 are set out in note 20 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively. The Company's reserves available for distribution to Shareholders as at 31 December 2023 was US$47,386,697.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of sales and purchases for the year attributable to the Group's major customers and suppliers were as follows:

(1) The aggregate amount of turnover attributable to the Group's five largest customers represented 59.1% of the Group's total turnover. The amount of sales to the Group's largest customer represented 38.8% of the Group's total turnover.

(2) The aggregate amount of purchases attributable to the Group's five largest suppliers represented 43.4% of the Group's total purchases. The amount of purchases from the Group's largest supplier represented 26.4% of the Group's total purchases.

None of the directors of the Company and their close associates or shareholders who hold more than 5% of the shares of the Company has any interest in the top five suppliers of the Group except Sanyang Global Co., Ltd. (subsidiaries of Sanyang, the ultimate controlling shareholder of the Group), Vietnam Three Brothers Machinery Industry Co., Limited (an associate of the Company and a non-wholly owned subsidiary of Sanyang) and Sanyang (the ultimate controlling shareholder of the Group).

RELATIONSHIP WITH SUPPLIERS AND CUSTOMERS

The Group has maintained close relationships with a number of suppliers and takes great care to ensure that they share the Group's commitment on quality and ethics. The Group carefully selects and requires the suppliers to satisfy certain assessment criteria including, experience, reputation, ability to produce high-quality products and quality control effectiveness.

The Group is committed to offer a wide range of motorbikes models and motorbike engines and parts to its customers. The Group has also been aiming to provide quality services to its clients in order to maintain continuous relationship. The Group stays connected with its customers. The Group maintains communications with its customers through various channels like the Company's website, telephone, direct mail and marketing materials.

RELATIONSHIP WITH EMPLOYEES

The Group understands that employees are valuable assets to the Group and on which the Group's success depends. The Group provides competitive remuneration packages to attract and motivate the employees. The Group regularly reviews the remuneration packages of employees and makes necessary adjustments to conform with the market standard. The Group also places emphasis on the training and development of staff. In particular, the Group focuses on the training of management and key personnel to develop their management and decision-making abilities to enhance their work performance.

RETIREMENT BENEFITS SCHEMES

Details of the retirement benefits schemes participated by the Group are set out in note 6(b) to the consolidated financial statements.

DONATIONS

For the year ended 31 December 2023, the Group made charitable and other donations amounted to about US$5,500.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2023, as far as the Company is aware, there is no material breach of or non-compliance with applicable laws and regulations by the Group which has a significant impact on its business and operations.

RETIREMENT OF DIRECTORS

Pursuant to article 87(1) of the Articles of Association of the Company, one third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one third) shall retire from office by rotation at each annual general meeting provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Further, article 86(3) of the Articles of Association of the Company, provides that any Director appointed by the Board to fill a casual vacancy shall hold office until the first annual general meeting of Shareholders after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A circular containing the detailed information of the retiring Directors at the forthcoming annual general meeting will be sent in accordance with Articles of Association of the Company and the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the current Directors and senior management of the Group are set out in the section headed "Directors and Senior Management Profile" in this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors, non-executive Directors and independent non-executive Directors has entered into a service contract with the Company. None of the Directors have entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The Directors' remuneration is determined by the Board with reference to the Company's operating results, individual performance and comparable market statistics. Details of the Directors' remuneration are set out in note 8 to the consolidated financial statements.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Details of the connected transactions and the related party transactions during the year ended 31 December 2023 are set out on pages 27 to 28 and page 99 of this annual report respectively. Save as disclosed in this report, none of the Directors or any entity connected with the Directors or controlling shareholders of the Company or its subsidiaries had a material interest, either directly or indirectly, in any transactions, arrangements and contract of significance to the business of the Group to which the Company, or any of the subsidiaries of the Company, or any of the Company's holding companies, or any of the subsidiaries of such holding companies, was a party, which subsisted at the end of the Year or at any time during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

For the year ended 31 December 2023, no rights to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, granted to any Director or their respective spouses or minor children aged under 18, or were such rights exercised by them, or was the Company, or any of the subsidiaries of the Company, or any of the Company's holding companies, or any of the subsidiaries of such holding companies a party to any arrangement to enable the Directors to acquire such benefits through such means.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATION

As at 31 December 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of 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 those taken or deemed as their interests and short position in accordance with such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register kept by the Company referred to therein, or which were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange were as follows.

Interests and short positions in the shares of Sanyang Motor Co., Ltd.

Name of Directors	Types of Shares	Capacity	Number of Shares held *(shares)*	Approximate percentage of total share capital *(%)*[1]
Mr. Liu Wu Hsiung	Ordinary Shares	Beneficial Owner	111,380 (L)	0.014%
Ms. Wu Li Chu	Ordinary Shares	Beneficial Owner	17,046,560 (L)	2.138%
Mr. Liu Ju Cheng	Ordinary Shares	Beneficial Owner	4,000 (L)	0.001%
Mr. Liu Ju Cheng	Ordinary Shares	Interest of spouse	295,000 (L)	0.037%

(L) – Long position

Note:

1. The calculation is based on the total number of 797,489,604 shares of Sanyang Motor Co., Ltd. in issue as at 31 December 2023.

Save as disclosed above, as at 31 December 2023, so far as is known to the Directors, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of 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 those taken or deemed as their interest and short position in accordance with such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register kept by the Company referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

As at 31 December 2023, so far as known to the Company after reasonable enquiry, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and has been entered in the register kept by the Company according to Section 336 of the SFO:

Name of Substantial Shareholders	Types of Shares	Capacity	Number of Shares/ underlying shares held *(shares)*	Approximate percentage of total share capital *(%)*
Sanyang Motor Co., Ltd.	Ordinary Shares	Interest in controlled corporation	608,818,000 (L)	67.07%
SY International Ltd.[1]	Ordinary Shares	Beneficial owner	608,818,000 (L)	67.07%

(L) – Long position

Note:

1. SY International Ltd. is a direct wholly-owned subsidiary of Sanyang Motor Co., Ltd. and therefore Sanyang Motor Co., Ltd. is deemed to be interested in the shares of the Company held by SY International Ltd. under Part XV of the SFO.

Save as disclosed above, as at 31 December 2023, the Directors are not aware of any other person (other than Directors or chief executive of the Company) having an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Division 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year ended 31 December 2023 and up to the date of this report, none of the Directors has any interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

PRINCIPAL RISKS AND UNCERTAINTIES FACING BY THE GROUP

The Group recognizes the importance of risk management practices. Thus, it endeavors its best to mitigate its exposure to operating and financial risks in an effective and efficient manner.

The principal risks and uncertainties facing by the Group include the risks pertaining to the motorbike industry in Vietnam. In recent years, the motorbike industry in Vietnam has been affected by unfavorable factors such as market situation changes and intensified competition among peers. The future competition of the industry is largely reflected in the all-round business competition.

The financial risk management objectives and policies of the Group can be found in note 21 to the consolidated financial statements.

CONTINUING CONNECTED TRANSACTIONS

The Group's related parties transactions for the year ended 31 December 2023 set out in note 22 to the consolidated financial statements constitute the continuing connected transactions as defined in chapter 14A of the Listing Rules and the Company has complied with the disclosure requirements in chapter 14A of the Listing Rules.

Details of the continuing connected transactions of the Group with Sanyang (an indirect substantial Shareholder of the Company) and the Sanyang Group are as follows:

Continuing connected transactions which are subject to the reporting, announcement requirements and independent Shareholders' approval requirements

	2023	2022
	US$	*US$*
Master Purchase Agreement [1]	**25,736,528**	44,130,807
Distributorship Agreement [2]	**3,628,230**	3,615,488
Research and Development Agreement [3]	**–**	–

Notes:

1. On 3 December 2021, the Group and the Sanyang Group entered into the Master Purchase Agreement in relation to purchase of motorbike parts by the Group from members of the Sanyang Group. In accordance with the Master Purchase Agreement, the annual cap shall be US$62,560,000, US$73,020,000 and US$78,190,000 in 2022, 2023 and 2024 respectively. Details of the Master Purchase Agreement were set out in the circulars of the Company dated 9 February 2022 (the "2022 Circular").

2. On 3 December 2021, the Group and the Sanyang Group entered into the Distributorship Agreement in relation to the Group as the exclusive distributor of motorbikes and related parts manufactured by Sanyang Group in all of the member countries of the Association of South East Asian Nations (excluding Vietnam, unless the motorbikes are resold in Vietnam for exhibition purposes). In accordance with the Distributorship Agreement, the annual cap shall be US$5,530,000, US$5,410,000 and US$5,300,000 in 2022, 2023 and 2024 respectively. Details of the Distributorship Agreement were set out in the 2022 Circular of the Company.

3. On 3 December 2021, the Group and the Sanyang Group entered into the Research and Development Agreement in relation to provision of research and development and technical support services by Sanyang Group to the Group. In accordance with the Research and Development Agreement, the annual cap shall be US$1,900,000, US$700,000 and US$500,000 in 2022, 2023 and 2024 respectively. Details of the Research and Development Agreement were set out in the 2022 Circular of the Company.

Continuing connected transactions which are subject to the reporting and announcement requirements but exempt from independent Shareholders' approval requirement

	2023 *US$*	2022 *US$*
Technology Licence Agreement [1]	**806,317**	774,399
Parts Sales Agreement [2]	**218,642**	237,595
Production Machinery, Moulds and Equipment Purchase Agreement [3]	**119,137**	25,907

Notes:

1. On 26 November 2007, VMEP, a subsidiary of the Group and the Sanyang entered into the Technology Licence Agreement in relation to license of technology, know-how, trade secrets and production information by Sanyang to VMEP. In accordance with the Technology Licence Agreement, the annual cap shall be US$1,024,000, US$1,373,000 and US$650,000 in 2022, 2023 and 2024 respectively. Details of the Technology Licence Agreement were set out in the Company's announcements dated 3 December 2021.

2. On 3 December 2021, the Group and the Sanyang Group entered into the Parts Sales Agreement in relation to sale of motorbike parts by the Group to Sanyang Group. On 26 April 2019, the original annual caps were revised to the amounts of US$1,140,000, US$1,140,000 and US$1,140,000 in 2022, 2023 and 2024 respectively. Details of the Parts Sales Agreement were set out in the Company's announcements dated 3 December 2021.

3. On 3 December 2021, the Group and the Sanyang Group entered into the Production Machinery, Moulds and Equipment Purchase Agreement in relation to purchase of production machinery, moulds and equipment by the Group from Sanyang Group. In accordance with such purchase agreement, the annual cap shall be US$570,000, US$650,000 and US$300,000 in 2022, 2023 and 2024 respectively. Details of the Production Machinery, Moulds and Equipment Purchase Agreement were set out in the Company's announcement 3 December 2021.

The continuing connected transactions disclosed above complied with the reporting, announcement and annual review requirements and are exempt from the independent shareholders' approval requirements (as the case may be) under Chapter 14A of the Listing Rules.

For the year ended 31 December 2023, the actual transaction amount for each of the abovementioned continuing connected transactions has not exceeded the respective annual cap of the relevant transactions as approved by the Board or the independent Shareholders (as the case may be).

The independent non-executive Directors have reviewed the above continuing connected transactions in accordance with Rule 14A.55 of the Listing Rules, and confirmed that the transactions have been entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms or on terms no less favourable than terms available to or from independent third parties; and

(c) in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Company's auditor has issued their unqualified letter containing the auditor's findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 27 to 28 of this annual report in accordance with Rule 14A.56 of the Listing Rules.

Save as disclosed above, none of the related party transactions as disclosed in note 22 to the consolidated financial statements of the Group falls under the definition of connected transaction or constituted continuing connected transactions under the Listing Rules which are required to be disclosed in this annual report in accordance with Chapter 14A of the Listing Rules.

The Company confirms that its continuing connected transactions conducted during the year ended 31 December 2023 has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules as at the date of this report.

INDEMNITY OF DIRECTORS

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the Directors of the Company is currently in force and was in force throughout the year ended 31 December 2023.

EQUITY-LINKED AGREEMENT

No equity-linked agreement was entered into by the Group, or existed during the year ended 31 December 2023.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year ended 31 December 2023.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Group is committed to contributing to the sustainability of the environment and maintaining a high standard of corporate social governance essential for creating a framework for motivating staff, and contributes to the community in which we conduct our businesses and creating a sustainable return to the Group. Information on the environmental and social responsibility of the Group is set out in the "Environmental, Social and Governance Report" on pages 30 to 51 of this annual report.

AUDITOR

KPMG will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. A resolution for re-appointment of KPMG as auditor of the Company will be proposed at the forthcoming annual general meeting. No change in auditor of the Company within the last three years.

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

Hong Kong, 13 March 2024

1 ABOUT THIS REPORT

Vietnam Manufacturing and Export Processing (Holdings) Limited (the "Company") and its subsidiaries (the "Group" or "We") presents its Environmental, Social and Governance ("ESG") report which summarized our management policies, commitments, management approaches, compliance with laws and regulations, and annual highlights and measures regarding sustainable development during the period from 1 January 2023 to 31 December 2023 (the "Reporting Period" or the "Year"). For details on the corporate governance of the Group, please refer to the "Corporate Governance Report" section in the annual report or visit the official website of the Group.

Reporting Principles

This ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "Guide") set out in Appendix 27 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and has complied with the "comply or explain" provisions in the Guide. A content index for the Guide based on the content of this report is set out in the last section of this ESG report for easy reference.

This ESG report also complies with the reporting principles of "materiality", "quantitative", "balance" and "consistency". The reporting principles were applied as follows:

Materiality: We have conducted a materiality assessment this Year and engaged internal and external stakeholders to rate ESG issues through an online questionnaire to identify ESG issues that are important to both the Group's operation and our stakeholders. This ESG report is prepared based on the result of the materiality assessment, and the material ESG issues identified have been disclosed in the ESG report.

Quantitative: This ESG report discloses the basis, methodology and sources of conversion factors used in calculating quantitative key performance indicators ("KPIs").

Consistency: Changes to statistical methods or KPIs are discussed in the ESG report for meaningful comparisons.

Balance: The ESG report provides an unbiased picture of the Group's performance during the Reporting Period.

Reporting Scope

This ESG report covers the Group's main operating bases in Vietnam and the reporting scope of our environmental KPIs mainly includes the following two plants in Vietnam:

- Production plants in Nhon Trach Industrial Zone II of Dong Nai Province, Vietnam
- A production plant in Ha Tay Province, Vietnam

We selected and determined the above reporting scope base on revenue and major operating locations. Since our other subsidiaries only accounted for a small portion of the Group's revenue, their ESG information and data performance are not disclosed in this ESG report. We are committed to expanding the reporting scope of environmental KPIs in the future to present a more comprehensive picture of our qualitative and quantitative ESG performance.

2 ESG Management

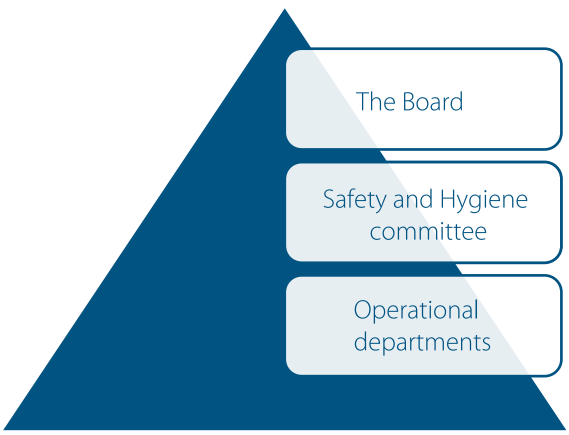
By integrating ESG management into our business operations and setting specific goals, we strive to enhance employees' awareness of ESG concepts and participation in related activities such as energy conservation and carbon reduction, community services and charitable donations. Meanwhile, we strengthen cooperation with suppliers to promote the sustainable development of supply chain. We encourage suppliers to adopt ESG-compliant practices and solve environmental and social issues together to demonstrate our ESG management results.

2.1 The Board's Statement

The Group has established an ESG governance framework to strengthen our ESG management. The Board is responsible for spearheading and overseeing our ESG efforts and in charge of leading us to address the opportunities and risks of sustainability. We had established the Safety and Hygiene committee to monitor ESG matters. The Board regularly determines and monitors ESG approaches and strategies. Its duties include approving and confirming ESG-related target setting, reviewing progress towards our goal, evaluating and prioritizing. We had established directional environment-related goals. In the future, we will conduct progress review based on the Group's ESG-related goals to monitor and refine our sustainability efforts.

2.2 ESG Governance Structure

Our Safety and Hygiene committee is responsible for reviewing environmental and labor safety policies and their performances, through which it assists the Board to monitor the Group's ESG matters and ensure a better implementation of our ESG policies. The Board is fully responsible for the Group's ESG reporting and management approach.



Our Safety and Hygiene committee is chaired by the general manager with the manager of the Administration Department and the representative(s) from the Environment and Safety Division under the General Affairs Department been delegated with the responsibility for overall coordination. Their specific responsibilities are as follows:

- Regularly report the Group's ESG performance to the Board;
- Draft ESG strategies and policies for the Group, which set out the identification of ESG materiality issues and ESG risks, and the formulation of corresponding measures;
- Assess and determine ESG risks and opportunities;
- Review and recommend the annual ESG report to the Board for approval.

2.3 Stakeholders Engagement

We are committed to building and maintaining good relationships with our stakeholders, and by collecting their opinions, we aim to improve the Group's operations. The table below summarizes our communications with key stakeholders during the Reporting Period:

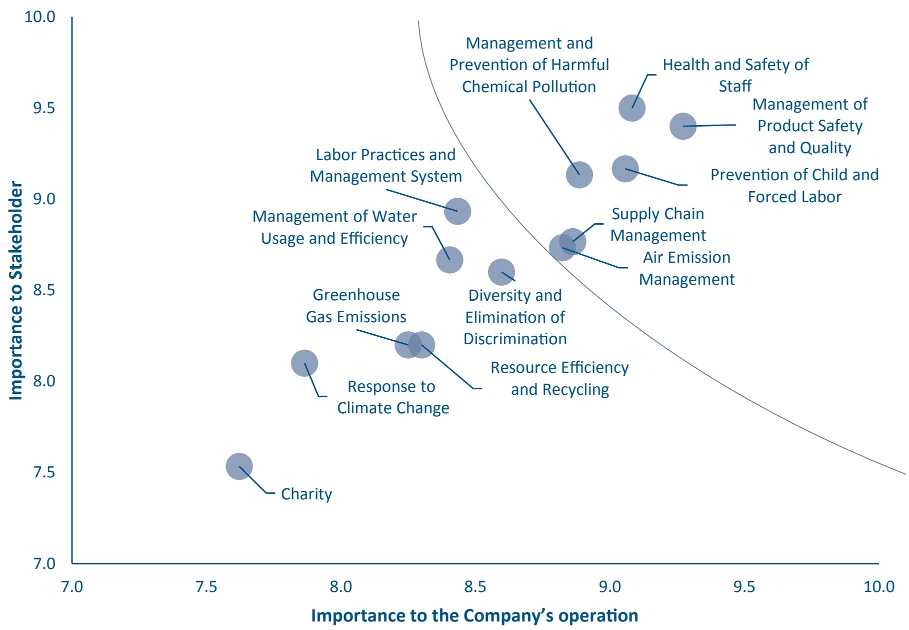
Key Stakeholders	Key Engagement Channels
Customers	• Customer service center • Online service platform • Phone, email
Shareholders/Investors	• AGM and other general meetings • Interim and annual reports • Corporate communications such as shareholder letters/ circulars and notices of meetings • Results announcements • Company website • Shareholder consultation
Staff	• Performance evaluation • Meetings and interviews • Business briefings • Volunteer services • Staff communication conferences
Business Partners	• Reports • Reports • On-site visits
Regulatory Authority	• Compliance with law • Compliance information disclosure • Reduce emissions
Community/NGO	• Community services
Suppliers	• Supplier management program • Meetings • Supplier/Contractor evaluation system • On-site inspections
Dealers	• Dealer management program • On-site inspections

2.4 Materiality Assessment

As there was no material change in the Company's business and operating environment during the year and the result of materiality assessment last year were still able to respond to the stakeholders' expectations without any major change in the importance ranking of the assessment, the assessment result and the materiality matrix of 2022 are still applicable to this year. The objective of our materiality assessment is to identify ESG issues that have a significant impact on our business and stakeholders for our formulation of ESG management approaches and strategies to achieve effective management. Our Board is involved in assessing, prioritizing and identifying material ESG-related issues in materiality assessments. The steps taken in our materiality assessment were as follows:

1. Identify the Group's ESG Issues
   - Summarize applicable ESG issues for the Group based on the Guide, Sustainability Accounting Standards Board (SASB) Materiality Pool, Global Reporting Initiative (GRI) and peer benchmarking
2. Prioritizing
   - Compile and analyze the questionnaire results, and adjust the materiality matrix according to the risk identification results
3. Results of Materiality Assessment
   - Present the findings with a materiality matrix
   - Confirm the findings of the assessment by the Board of the Group
   - Readers can refer to the 2022 ESG Report

Materiality Assessment Matrix



2.5 Identifying Climate-related Risks

In addition to risks associated with the consumer market and the economy, the Group was also confronted with certain climate-related risks. First, we face physical and transitional risks from climate change. Our supply chains may be disrupted and our equipment may be damaged by extreme weather. Secondly, Vietnam is tightening up its air pollution emission standards for vehicles and motorbikes. Vietnam is also making its labor-related laws and regulations governing salary, labor conditions and so forth stricter, couple with a rise in the statutory minimum wage year by year. Such changes in the above mentioned decrees and norms may directly cause an increase in our production and technology costs.

On the other hand, in light of issues such as traffic congestion and air pollution, Ho Chi Minh City and some other first-tier cities may impose restrictions on the number of vehicles in future, dealing a blow to the consumer market of the motorbike industry. Along with the heightened consciousness of labor rights in recent years, labor strikes nowadays have also been affecting the day-to-day operations in some industries.

Confronted with such market and regulatory risks, the Group, on the one hand, keeps itself abreast of changes in laws and regulations, learns from the experience and the technology of Sanyang Motor Co., Ltd. ("Sanyang") the Company's ultimate holding company, and adapts itself to the tightening standards and norms of environmental protection and labor affairs. Moreover, the Group upholds the principle of "creating a harmonic, comfortable and safe workplace" to provide salaries and benefits surpassing legally required and bring to the staff a stable work and life, such that the labor relations are in harmony so far.

As to restrictions on the urban consumer market, the Group would address such external challenges by persisting in strategies in relation to enhancement of operational achievement, stringent control over costs and expenses, continued innovation of research and development ("R&D") technologies and expansion into overseas markets. What is more, it would make more efforts in expanding rural and overseas markets and in adapting to the consumer trend in respect of environmental protection by continued R&D and launch of environmental protection vehicles and electric cars to enrich offerings to consumers.

During the Year, the Group identified the following climate-related risks:

Physical risks	**Impact on the Group**	**Countermeasures**
Extreme weather	➢ Maintenance costs may increase due to damages caused by extreme weather events such as typhoons, floods and storms ➢ Employee safety issues caused by extreme weather	➢ Provide safety training to employees to increase their safety awareness and develop contingency plans ➢ Enhance the resilience of buildings and infrastructure, improve business continuity and establish backup facilities in risk areas
Transitional risk	**Impact on the Group**	**Countermeasures**
Policy risk	➢ Increasing applicable regulations related to safety and air emissions in the industry lead to increased compliance costs ➢ Increasingly stringent carbon management policies and regulations and carbon pricing measures adopted by local governments lead to increased energy and carbon costs, thereby affecting the operating costs and competitiveness of the Company	➢ Our motorbikes comply with the Euro III emission standard. Plans are put forward to address corresponding regulations of different countries ➢ Reduce carbon emissions by energy conservation and accelerating the development of renewable energy utilization

3 PRODUCT RESPONSIBILITY

3.1 Product Quality Control

The Group attaches great importance to product quality that it has established a set of standardized quality control procedures in accordance with requirements of the ISO9001 Quality Management System, under which all processes ranging from feeding to production and processes after completion and before delivery are implemented with quality control, accomplishing our highest guiding principle of "focusing on underlying businesses while securing quality first and customers' satisfaction".

The Group sets its quality targets every year in accordance with its corporate policies and quality management requirements with concrete measures to trace their conformity with standards. The assessment indicators include defective loss, defective rate, costs incurred during the warranty period of complete bikes and so on. Besides, the Group strictly requires all production units to put into effect the following measures and to incorporate quality-related achievement performance into the assessment as the basis for salary adjustment and bonus distribution.

- To intensify continuously quality management, educational training and practical operation

- To ascertain truthful operation of the quality management system in the course of production, adhering to the "three not's principle" of "not accepting, not producing and not discharging defective goods"

- To materialize concretely monitoring and management of quality-related indicators

The General Manager's Office is delegated by the Group to assemble the R&D, the production, the services, the quality management and other relevant units to address significant quality issues that have occurred or may occur on the market by convening weekly meetings to review, draw up addressing or improving programs and ensure that the product quality issue is well taken care of and conformed to relevant national laws and regulations.

The Group has the "Recalling and Correcting Defective Goods Methods" in place as the corporate policies for units concerned to abide by in case of handling quality issues. For the year ended 31 December 2023, the Group has complied with all relevant laws and regulations and reported no significant non-compliance matter related to quality and product recall issues.

3.2 Management of Suppliers

The Group had about 105 suppliers whom were mainly from Vietnam and supplied us with die-casting, electrical components (such as lamps), steel parts, plastic parts and other services. The ESG risks of marked suppliers mainly include manufacturers involving an electroplating process that may have potential impact on the environment.

To ensure the quality of major components and assemblies and raw materials, the Group adopts the principle of global procurement to identify suppliers providing products with the finest quality, at the most competitive price and conforming to local decrees and norms and those of Vietnam government and other consumer markets. To make contribution to local economy, we materialize local procurement whenever possible as long as components and assemblies can be produced locally in Vietnam.

The Group conducts regular assessments on goods delivered by suppliers monthly. It also conducts regular on-site audits in respect of quality, technology, labor safety and hygiene and environmental protection to ensure that the product quality of suppliers conforms to the Company's requirements and complies with local environmental protection and labor-related norms. Those having grave breaches or failing to live up to standards are declined for further cooperation. For new suppliers, the Group has stringent assessment and examination operational procedures in place and only those passing such procedures can become part of the Group's collaborative manufacturer system.

To maintain our relationship with suppliers and to facilitate a harmonic development of the industrial chain, the Group has convened one meeting of collaborative manufacturers during the Year, thereby building an emotional tie with them through the meal gathering and sports activities there and helping the Group understand problems the suppliers may have and arrive at settlement resolutions hand in hand.

3.3 Maintaining Customer Relationship

Dealers

The Group must rely on local Vietnamese and overseas dealers to market its products and therefore it pays much attention to customers' opinions and feedbacks such that there are responsible unit officers in charge of product development and design, product delivery and maintenance services and other aspects to effect customer visits and routine communications in accordance with our "Benchmarks for Customer Services and Customer Satisfaction Management and Operation" to comprehend customers' needs and their expectations on products.

The Group executes regular surveys on customer satisfaction annually and compiles the "Analysis Report based on Findings of the Survey on Customer Satisfaction", and in respect of which a review meeting would be held for reporting the survey findings to high-ranking superiors and requesting relevant units to submit improvement programs in response to items that customers are not satisfied with. In addition, the Group keeps prompt response to customers' opinions and feedbacks with an aim to maintain a long-term and healthy cooperation relationship.

To ensure that our dealers provide quality sales and after-sales services, the Group has formulated the "Operational Benchmarks for Handling the Request Form for use by Dealer" and the "Operational Benchmarks for Warranties" to augment the quality requirements proposed by dealers during the manufacturing process and the warranty services provided after delivery.

Besides, the Group would conduct regular assessments on dealers quarterly and the results of which are used as the basis for dealer improvement and for counseling or subsidy provided by the Company.

Market and Consumers

The Group cares about consumers using products of SYM and other subsidiary brands, such surveys on user satisfaction are conducted as a new product makes its debut and product surveys of larger scale in respect of the market of Vietnam would also be conducted regularly, to find out the user experiences and the preferences that end-consumers may have on the Company's products. Their opinions are collected for directing future product planning and for serving or satisfying needs of social trends.

To provide Vietnamese consumers with a more environmental friendly choice, apart from motorbikes using gasoline, the Group is devoted to the R&D of a variety of electric motorbikes featuring characteristics like compact appearance and convenient use.

Information Security

The Group attaches great importance to information privacy, thus we monitor our projects by formulating and implementing our security inspection policies, which include network service authorization, e-mail security management, and computer virus prevention management. To strengthen information security management of the Group and prevent information security breaches, we formulated and regulated certain behaviors such as setting passwords and authorization for computer system users, backing up and storing data files.

3.4 Products and services responsibility

For the year ended 31 December 2023, the Group was not aware of any incidents of non-compliance with regulations and voluntary codes concerning the provision and use of the Group's products and services, including but not limited to, product and service information and labelling, marketing communications including advertising, promotion and sponsorship, and property rights including intellectual property rights that have a significant impact on the Group.

3.5 Anti-corruption

Anti-corruption Policies

The Group attaches importance to staff discipline that corruption, extortion, blackmail, misappropriation of public funds and money laundering behaviors in any form are sternly banned. The Group has framed the exacting "Occupational Ethic Norms", stipulated clearly in the Staff Manual and the Corporate Norms relevant standards in relation to fighting corruption, bribery and money laundering and required all the staff to cogently abide by the same to ensure no conflict of interests, such that all staffs, themselves or their respective relatives or friends are banned from demanding or receiving, whether directly or indirectly, any private rewards, gifts, monies, borrowings/loans, services, presents and so forth from manufacturers having business dealings or contemplating to engage in dealings with the Company. In case of breaches of the aforesaid occupational ethic norms of the Group, the staffs or the manufacturers concerned may report to the Company's audit and personnel units by means of any channel, such as e-mail, correspondence or mobile applications.

To materialize strengthening work disciplines for staffs, give play to team spirit, elevate work efficiency and operational effectiveness, the Group makes staff discipline a key item in the educational training for new recruits and all the staff are required to receive training courses on rule of law, industrial safety and information safety. New norms, once issued by competent authorities, are communicated through notices, propaganda seminars and educational trainings and in other manners to the staff, allowing them to learn about relevant stipulations they should observe. For the year ended 31 December 2023, the Group has complied with all relevant laws and regulations and reported no significant malpractice or bribery or dereliction of duty in breach of relevant decrees and norms.

Internal Audit

The Group has established a comprehensive internal audit system incorporating five major aspects of environment control, risk assessment, operation control, information communication and supervision, which is used as the important internal control measure to prevent corruption, malpractice and other unlawful acts. There is also an internal audit unit instituted under the Board and the Board has full power to be responsible for effectiveness of the internal supervision and control system.

For the year ended 31 December 2023, the Group's audit unit has carried out routine audits in respect of nine aspects, namely procurement and payment, production, research and development, salary and wage, fixed assets, sales and receipts, financing, investment and e-information processing. It has also engaged in audits in respect of four key business projects and spotted no significant non-compliance or corruption related matter.

4 CARING FOR THE STAFF

The Group values its employees and cherishes their dedication and efforts to the Group. We strictly abided by employment-related laws and regulations such as the Vietnam Labor Law and the Social Insurance Law. For the year ended 31 December 2023, the Group reported no significant non-compliance matter related to employment.

The Group's staff consists mainly of Taiwanese and Vietnamese staffs. A summary of the Group's headcount is set out below:

Indicator	Unit	2023
Total employees	Person	1,109
The number of employees by gender		
Female	Person	236
Male	Person	873
The number of employees by employment category		
Full-time junior employee	Person	825
Full-time middle management	Person	164
Full-time senior management	Person	120
The number of employees by age group		
Below 30	Person	251
30-50	Person	673
Above 50	Person	185
The number of employees by region		
Employees in Vietnam	Person	1,087
Employees in Taiwan	Person	22

4.1 Remuneration and Benefits

Employment and Pay

The Group's staff consists mainly of Taiwanese and Vietnamese staffs. The Group establishes its human resource management system based on the value concept that respects diversity and declines discrimination, and acts on the highest guiding principle that turns a blind eye to nationalities (whether Taiwanese or Vietnamese), advocates equality between the sexes, recognizes contribution, cultivates talents and cherishes unity.

The Group draws up its "Management Methods for Recruitment and Appointment" based on labor-related decrees, which stipulate clearly the principle for staff recruitment and appointment, labor rights and obligations, wages and benefits and other contents. The hiring of Vietnamese and foreign staffs by the Group is proceeded strictly pursuant to local decrees and norms. Furthermore, the Group views its employees as significant human resources and capital, except in the case of severe breach of conduct, the Group does not execute instant termination of employment contract with employees. In the case of justifiable dismissal, the terminated employee is entitle to compensation according to local labor laws. For the year ended 31 December 2023, the Group reported no significant non-compliance matter related to employment.

The Group remunerates its staffs according to their respective academic qualifications and background, professional knowledge and skills, professional seniority and experience and individual performance. The salary of a staff does not vary with his/her gender, ethnicity, religion, political stance, marriage conditions, labor union or association. In order to ensure a stable supply of manpower, lower staff turnover costs and risks and provide the staff with a better life, the Group hires its staffs at a benchmark salary approximately 18% higher than the statutory minimum wage set by the government. Apart from basic salary, the Group offers year-end bonus, Labor Day and National Day bonuses and other variable remuneration to timely motivate staffs to attain better results.

Benefit Items

The Group's benefit system targets at formal staffs to provide the staff with a superior working environment in which they can work with delights. Benefit affairs are transacted by the Staff Benefits Committee (hereinafter be abbreviated as the "SBC") jointly formed by the labor and the management. The Group and the SBC would also provide allowances and subsidies of varied amount with regard to different occasions such as weddings, funerals, festive events, further studies, hospitalization, occupational injuries and so on.

The Group provides labor insurance, maternity/parental leave, pension reserve and so forth according to law; takes out group accident and staff health check insurance for the staff at the expense of the Group; and transacts staff solidarity fund insurance, overseas business trip or travel accident insurance, staff body check, etc. On the other hand, the SBC sponsors cultural and recreational, community and sports activities for the staff; offers staff language (English, Chinese and Vietnamese) learning allowances, education subsidies for children of staffs, subsidies for birthdays, benefit marks coupons for the three festivals and the Labor Day and travelling and other kinds of subsidy.

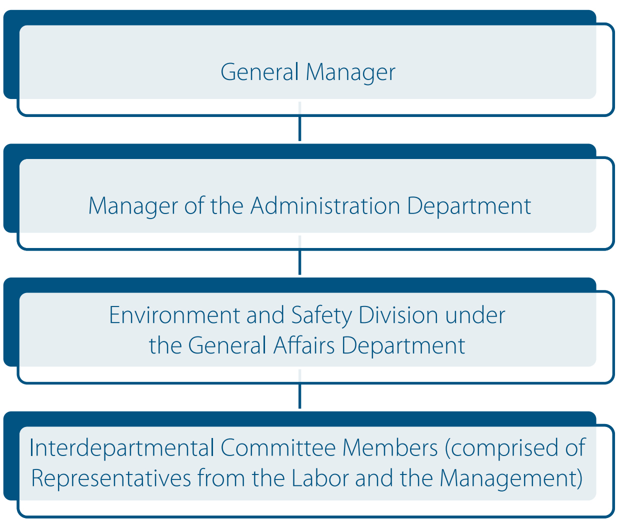
4.2 Occupational Health and Safety

The Group's prime consideration of occupational health and safety pivots on the potential safety and health injuries that our frontline staffs may suffer in their daily work.

With regard to management of occupational safety and hygiene, the 5S Management System comprising SEIRI, SEITON, SEISO, SEIKETSU and SAFETY is implemented in full to upgrade product quality, promote work-related safety and hygiene, ensuring physical and mental health of the staff to reduce occurrence of occupational diseases and disasters.

The Group has a Safety and Hygiene committee in place to review environment and labor safety policies and their achievement performance, and to promote continued improvement of the same. The safety and hygiene committee has the general manager acted as its chairman with the manager of the Administration Department and the representative(s) from the Environment and Safety Division under the General Affairs Department been delegated with the responsibility for overall planning and coordination, execution and tracing of relevant policies and resolutions. Committee members are comprised of representatives from the labor and the management to ensure a smooth communication between the two parties and serve the purpose of accomplishing the objectives of preventing occupational disasters and safeguarding labor safety and health.

The Structure of the Safety and Hygiene Committee is below.



Apart from this, the Group has instituted a labor protection organization to conduct regular checks on the execution of labor protection work at all branch plants every six months or annually in respect of different work safety themes designated by the Environment and Safety Division under the General Affairs Department, during which staffs are reminded to wear protective gear as required. Once potentially significant safety damages are detected, the organization would request the unit head concerned to effect measures aimed at eliminating such causes of damages.

Basic occupational health and safety measures provided by the Group to the staff mainly include:

- Annual inspection on the operational environment covering items like noises, poisonous wasted gases, dusts, VOCs, and etc.; and based on the findings of which to conduct body checks for staffs serving at those workplaces proved to be particularly damaging and materialize management by grading

- Annual body checks for general staffs to comprehend their health conditions and materialize management by grading with post re-designation as the case may be; and conduct checks on occupational disease for staffs serving at special posts. Based on the findings of the checks in 2023, no staff was found suffering from occupational disease

- Annual educational training on environmental safety and hygiene to promote awareness of environmental safety and hygiene among staffs

- Deployment of one healthcare staff at each plant zone, equipped with medicine and first-aid related equipment.

On the propaganda front, the Group has formulated the "Codes of Work on Safety and Hygiene for the Staff" pursuant to the Rules Governing Educational Training on Labor Safety and Hygiene and standardized safety and environmental protection certifications, trainings and on-the-job educational trainings required for all types of jobs. The survey on needy trainings conducted at the end of every year would be used as a basis for courses and trainings to be held in the coming year, in which the importance of environment, safety and hygiene is propagandized through relevant educational trainings.

There were no work-related fatalities recorded by the Group in 2021, 2022 and 2023.

4.3 Training and Development

The Group maintains a complete staff training system to serve our highest guiding principle of enhancing staffs knowledge, skills and quality, and upgrading their individual and organizational work quality and performance.

Training-related KPIs performances for the Year were summarized as below:

Indicator	Unit	2023
The percentage of employees trained by gender		
Female	%	23.44
Male	%	76.56
The percentage of employees trained by employment category		
Full-time junior employee	%	73.72
The average training hours completed per employee by gender		
Female	Hour	6
Male	Hour	6
The average training hours completed per employee by employment category		
The average training hours completed per full-time junior employee	Hour	6

The Group has a training center housing various plants for practical training, equipment and lecturers. The training center holds courses based on the Company's training regime and files the particulars and the number of training hours of participants with the educational training system, with the information reserved as reference for future promotion. Every year, the training center would arrange its annual training plans according to the Company's operational guiding principle and strategic objectives and by finding out training needs of all units. Apart from holding trainings on its own, the center transacts the business of entrusted training for other enterprises to provide diversified training courses and sound on-the-job education, aiming at cultivating talents rich in professional competence and eager to take challenges.

The Group's training system incorporates training courses in the following types:

- General training: trainings on environmental protection, fire-control, and trainings for new recruits (basic legal knowledge, work safety obligations, staff rights, etc.), and courses relating to safety and hygiene management and so on

- Quality management training: quality controller training, ISO training, basic concepts of quality management and so on

- Management training: include project management, project reporting and briefing techniques, the Five GEN Principle, the seven major approaches to quality management, an introduction to corporate management, issue analysis and decision-making and so on

- Language training: Chinese, Vietnamese training

In 2023, the Group organized a variety of training courses, which, apart from basic fire-control, industrial safety at plants, labor safety and hygiene, ISO Quality Management and environmental protection system related courses, included also CIC Training, trainings on operating forklift trucks and equipment safety and so on. The Group also encourages staffs to apply for skill verifications and obtain certifications.

Besides, to materialize the perpetual operational objective of "cultivating talents", enhance staffs' managerial abilities, and to study the management techniques and corporate culture of the Company's ultimate controlling company, the Group offered some Vietnamese cadres an opportunity to practice at Sanyang, Taiwan, and the contents of which included corporate strategic planning concepts, costing concepts, department operational management, departmental budget control and management and other courses.

The Group organizes achievement assessment and annual promotion for the staff in the fourth quarter every year, through which all units would appraise work achievements of their respective staffs, recognize their contributions and ascertain adequate development opportunities for staffs.

5 Environmental Awareness

The Group complies with requirements of the ISO14001 Environment Management System to establish a complete environment management system and pass its certification, so as to ascertain supervision and measurement over its daily operation, execute internal audit and propose correction and precaution measures for continued improvement. During the Year, the Group had set environmental targets and is committed to maintaining or gradually reducing energy consumption, water consumption, waste generation and greenhouse gas emissions as compared to the level of 2019.

5.1 Air Pollutants

Volatile Organic Compound (VOC) wasted gases generated in the process of plastics coating are the gravest and the most potentially hazardous air pollutants during the daily operation of the Group. The wasted gases from the coating process if not completely gathered and treated, may cause pollution to the Group internally or to the surrounding environment, or even spread further to causing pollution to the whole district while endangering the health of our front-line staffs and that of residents in the vicinity.

To prevent the wasted gases from the coating process from leaking outside, the Group has installed air filters for the operational environment of every plant zones with the wasted gases absorbed by water curtains and the paint residues properly retrieved and handed over to qualified contractors for treatment. The Group aggregates monthly usage as reported by each coating using unit, compile statistics for VOC content of the same and report quarterly to the Environmental Protection Bureau according to law for payment of the prevention fee for air pollution. Such payment information is filed with the Materials Department as reference for procurement of coatings, in the hope of choosing more environmental friendly and safer materials in a cost saving manner to reduce emission of wasted gases.

Besides, the Group has instituted contingency measures for the handling of notification of poor air quality, under which all implementation units must halt their outdoor operations upon receipt of such notification as stipulated. The Group would equally require the construction units to report their air pollution fee as stipulated and set up necessary air pollution precaution measures such as signing, fencing, capping, water spraying, and so on.

To effectively bring emission of wasted gases under control, the Group has drawn up an annual inspection plan, under which regular inspections are conducted quarterly on items like Toluen, a wasted gas from the coating process, ashes (or smoke concentration), etc., and an assessment report is prepared according to findings of the inspections as a basis for improvement of quality of emission of wasted gases. The inspection findings for 2023 all conformed to national standards and relevant laws and regulations. For the year ended 31 December 2023, the Group reported no significant non-compliance matter related to air pollution.

We collected the environmental KPIs of our production plants in Nhon Trach Industrial Zone II of Dong Nai Province, Vietnam and a production plant in Ha Tay Province, Vietnam to conduct an annual greenhouse gas emission evaluation. Our greenhouse gas emissions were summarized as below:

Greenhouse gas emission performances[1]	Unit	2023
Greenhouse gas emissions		
Total greenhouse gas emissions（Scope I and Scope II）	Tonne carbon dioxide equivalent	9,771
Greenhouse gas emissions intensity		
Total greenhouse gas emissions per unit production volume（Scope I and Scope II ）	Tonne carbon dioxide equivalent/ Production volume	0.11

Scope I： Direct greenhouse gas emissions from sources owned and controlled by the Company.

Scope II： Indirect greenhouse gas emissions from electricity generation, heating and cooling, or steam purchased by the Company.

[1] ISO14064-1 Prepared with reference to the" Greenhouse Gas Protocol" published by World Resources Institute (WRI) and World Business Council on Sustainable Development (WBCSD), and ISO14064-1 established by the International Organization for Standardization

5.2 Wastes and Wasted water

Management of wastes

Hazardous wastes generated in the course of operation of the Group can be classified into several major categories, namely paint residues, sludge, wasted oils and wasted cloths. For the year ended 31 December 2023, the hazardous waste production generated by the Group increased from 440,588 kilogram in 2022 to 441,933 kilogram in 2023. The increase was mainly due to the increase in total waste generated from the treatment of paint residues accumulated over the years in 2023.

The Group's management of wastes is carried out in accordance with the principle of "reducing emissions while recycling the recyclable", and the dumping and storage of hazardous wastes are monitored by security guards or personnel from the Environment and Safety Division under the General Affairs Department. Meanwhile, the Group continues to promote the source separation of wastes to all departments so as to reduce emissions and thus pollution through the complete source separation.

The Group's production plants all have reported to competent authorities and obtained emission permits from their respective local Environmental Protection Office in the sense that all hazardous wastes conform to environmental protection and related laws and regulations and handed over to qualified contractor(s) for recycling treatment. Directed against reduction and management of paint residues, the Company would implement reinforced management of material requisition and quantitative painting standards, and ensure proper outsourced treatment of paint residues after allowing them to stay stationary for some time.

As for ordinary domestic refuse, the principle of recycling and separation for centralized treatment is applied equally to reduce wastage and elevate recycling rate. For the year ended 31 December 2023, the Group reported no significant non-compliance matter related to disposal of wastes.

Waste disposal data were as follows:

	Unit	2023
Hazardous waste	Kg	441,933
Hazardous waste per unit production volume	Kg/ Production volume	5.24
Non-hazardous waste	Kg	191,680
Non-hazardous waste per unit production volume	Kg/ Production volume	1.91

Management of Wasted Water

The Group's plant in Dong Nai Province is located at Lot 4, Road 5C, Nhon Trach Industrial Zone II, part of the drainage area of the Dong Nai River, the water source serving the population of Bien Hoa City, Nhon Trach district and Ho Chi Minh City; the Group's plant in Ha Tay Province is located at Le Trong Tan, La Khe, Ha Dong, Ha Noi, part of the drainage area of the Hanoi River, the water source serving the population of Ha Dong and the whole Hanoi City. Given that the wasted water emitted from the related plants is of significant concerns as to the health and the safety of residents there, industrial wasted water emitted from the Group's plants is subject to stringent regulation by respective governments that the sewage emitted must tally with national standards.

The Group's plants are all equipped with sound wasted water treatment systems. Wasted water generated in the course of manufacturing processes would be collected and treated centrally, and emitted only after processes like concentration blending, precipitating, bio-treatment, suspension filtering and debugging, in order to ensure compliance with national emission standards.

The Group sets targets for its sewage emission annually and maintains a 24-hour surveillance over the water quality of the wasted water emitted, which covers items like Biochemical Oxygen Demand (BOD), Chemical Oxygen Demand (COD), Suspended Solids (SS), etc. Local Environmental Protection Offices would conduct regular examinations on the water quality of the wasted water emitted. For the year ended 31 December 2023, the Group's wasted water emitted from its plant zones all conformed to national standards and relevant laws and regulations, and the Group reported no significant non-compliance matter related to emission of wasted water.

5.3 Energy Saving and Water Saving Measures

Primary energy and resources used in the course of production of the Group involve electricity, gasoline, diesel fuel, natural gas, tap water and underground water. For the year ended 31 December 2023, the electricity consumption decreased from 12,054,253 kWh in 2022 to 9,729,261 kWh in 2023. The decrease was mainly due to the decrease in production volume in 2023 compared to 2022 and a corresponding decrease in the electricity consumption for production.

The Group's Environment and Safety Division under the General Affairs Department is dedicated to planning, launching and overseeing various energy saving and water saving programs. The Group manages electricity used in production systems and electricity used by indirect units separately, proposes and implements improvement programs in connection with work characteristics. In the aspect of manufacturing process, targets are set for continued enhancement of efficiency energy and resource use and reduction of resource wastage; in the aspect of office administration, targets are set for improvement of energy saving directed against air-conditioning and lighting for public areas.

The Group makes efforts in reducing energy consumption through improving system design, adopting efficient equipment and cycling use and other measures. The personnel from the Environment and Safety Division under the General Affairs Department would conduct regular checks on pipelines or piping to detect ruptures or leakages (if any) of water and have them mended timely.

On the other hand, by verified accessing every month and every time-interval and compiling statistics incorporating usage of energy, water and all other forms of energy and resources, the Group is able to trace use conditions and spot anomalies and embark on improvement and conservation accordingly. Besides, the Group keeps on propagandizing to staffs the concept of getting resources and economizing to augment control over use of resources.

The energy consumption and use of resources data were as follows:

Category		Unit	2023
Gas consumption from fixed equipment	Diesel fuel	Liter	132,050
	Gasoline	Liter	19,219
	Natural gas	Kg	239,000
Gas consumption from motor vehicles	Diesel fuel	Liter	56,570
	Gasoline	Liter	75,165
Electricity consumption	Electricity	kWh	9,729,261
Water consumption	Tap water	m^3	120,260
Packaging Material	Packaging film	Kg	111,450
	Paper	Kg	425,615

6 COMMUNITY INVESTMENT

The Group upholds the community investment concept of "What are taken from the community is used for the community – be an enterprise needed by the Vietnamese society" and has been making efforts in giving back to local communities since its foundation. The Group has formed the "Compassion Society" in 2003 to organize and drive related activities since then. It also encourages collaborative manufacturers and the Group as a whole to join in practicing the saying of "hands up for public welfare, a passionate move; join hands for public welfare, a blissful and beautiful life" as an active feedback and contribution to the Vietnamese society, such that its charity work for years has set a firm footing in Vietnam and won profound affirmations and recognitions with the Vietnamese society and the government.

The Company introduces a community involvement structure in relation to corporate social responsibility and propels comprehensive community investment work in three major dimensions covering environmental protection, community involvement and education and culture, so as to deliver in full its social responsibility. The Group contributed approximately US$5,500 for social welfare activities in 2023.

Appendix I: Sustainability Data Summary

Environmental Indicators[2]	Unit	2023
Air pollution[3]		
SO_2	Mg/m^3	62.00
NO_X	Mg/m^3	193.00
VOC	Tonne	1.36
Emissions[4]		
NO_X	Tonne	276.19
SO_X	Tonne	1.60
PM	Mg/m^3	77.50
Greenhouse gas emissions		
Total greenhouse gas emissions (Scope I and Scope II)	Tonne carbon dioxide equivalent	9,771
Total greenhouse gas emissions per unit production volume (Scope I and Scope II)	Tonne carbon dioxide equivalent/ Production volume	0.11
Hazardous waste		
Hazardous waste output	Kg	191,680
Hazardous waste output per unit production volume	Kg/Production volume	1.91
Non-hazardous waste		
Non-hazardous waste output	Kg	441,933
Non-hazardous waste output per unit production volume	Kg/Production volume	5.24
Packaging Material		
Paper	Kg	425,615
Packaging film	Kg	111,450
Packaging material per unit production volume	Kg/Production volume	1.32
Use of energy and resource		
Diesel fuel	Liter	132,050
Gasoline	Liter	19,219
Natural gas	Liter	239,000
Motor vehicle gasoline consumption	Liter	56,570
Motor vehicle diesel consumption	Liter	75,165
Electricity consumption	kWh	9,729,261
Electricity consumption per unit production volume	kWh/Production volume	115.42
Total electricity consumption per production unit	kWh/Production volume	4.62
Water consumption		
Tap water	m^3	120,260
Tap water per unit production volume	m^3/Production volume	1.43

2 Disclosure of environmental KPIs covers our production plants in Nhon Trach Industrial Zone II of Dong Nai Province, Vietnam and a production plant in Ha Tay Province, Vietnam

3 Emissions generated by production plants in Nhon Trach, Dong Nai Province, Vietnam, our main production base for the Year

4 Emissions generated by motor vehicles

Social Indicators[5]	Unit	2023
Total employees	Person	1,109
The number of employees by gender		
Female	Person	236
Male	Person	873
The number of employees by employment category		
Full-time junior employee	Person	825
Full-time junior employee	Person	164
Full-time senior management	Person	120
The number of employees by age group		
Below 30	Person	251
30-50	Person	673
Above 50	Person	185
The number of employees by region		
Employees in Vietnam	Person	1,087
Employees in Taiwan	Person	22
Employee turnover rate		
Total turnover rate	%	13.26
Female	%	4.68
Male	%	15.56
Employee turnover rate by age group		
Below 30	%	32.67
30-50	%	42.18
Above 50	%	1.62
Employee turnover rate by region		
Employees in Vietnam	%	12.89
Employees in Taiwan	%	0.36

[5] Disclosure of social KPIs includes group-wide data

Social Indicators[5]	Unit	2023
Occupational Health and Safety (Number of work-related fatalities）		
Number of work-related fatalities (financial years 2021, 2022 and 2023)	Person	0
Rate of work-related fatalities（financial years 2021, 2022 and 2023）	%	0
Number of lost-days due to work injuries	Person	24
The percentage of employees trained by gender		
Female	%	23.44
Male	%	76.56
The percentage of employees trained by employment category		
Junior employee	%	73.72
The average training hours completed per employee by gender		
Female	Hour	6
Male	Hour	6
The average training hours completed per employee by employment category		
The average training hours completed per junior employee	Hour	6

Appendix II: Content index for Environmental, Social and Governance Reporting Guide

Indicators			Corresponding Chapter
A. Environmental Scope			
A1：Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Environmental Awareness
	A1.1	The types of emissions and respective emissions data.	Appendix I: Sustainability Data Summary
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix I: Sustainability Data Summary
	A1.3	Total hazardous waste produced intensity.	Appendix I: Sustainability Data Summary
	A1.4	Total non-hazardous waste produced intensity.	Appendix I: Sustainability Data Summary
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental Awareness
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Awareness
A2：Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Awareness
	A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Appendix I: Sustainability Data Summary
	A2.2	Water consumption in total and intensity.	Appendix I: Sustainability Data Summary
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Awareness
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Awareness
	A2.5	Total packaging material used for finished products and unit produced.	Appendix I: Sustainability Data Summary
A3：The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environmental Awareness
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Awareness

Indicators			Corresponding Chapter
A. Environmental Scope			
A4：Climate Change	General Disclosure	Policies on identification and mitigation of significant climaterelated issues which have impacted, and those which may impact, the issuer.	Identifying Climaterelated Risks
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Identifying Climaterelated Risks
B. Social Scope			
B1：Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Caring for the Staff
	B1.1	Total workforce by gender, employment type (for example, full or parttime), age group and geographical region.	Appendix I: Sustainability Data Summary
	B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix I: Sustainability Data Summary
B2：Health and Safety	General Disclosure	Information on: (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Occupational Health and Safety
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Appendix I: Sustainability Data Summary
	B2.2	Lost days due to work injury.	Appendix I: Sustainability Data Summary
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Occupational Health and Safety

Indicators			Corresponding Chapter
B3：Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Training and Development
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix I: Sustainability Data Summary
	B3.2	The average training hours completed per employee by gender and employee category.	Appendix I: Sustainability Data Summary
B4：Labour Standards	General Disclosure	Information on: (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Remuneration and Benefits
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	Remuneration and Benefits
	B4.2	Description of steps taken to eliminate such practices when discovered.	Remuneration and Benefits
B5：Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Management of Suppliers
	B5.1	Number of suppliers by geographical region.	Management of Suppliers
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Management of Suppliers
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Management of Suppliers
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Management of Suppliers

Indicators			Corresponding Chapter
B6：Product Responsibility	General Disclosure	Information on: (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Product Responsibility
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
	B6.2	Number of products and service related complaints received and how they are dealt with.	Maintaining Customer Relationship
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Products and Services Responsibility
	B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Maintaining Customer Relationship
B7：Anti-corruption	General Disclosures	Information on: (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Anti-corruption
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
	B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
B8：Community Investment	General Disclosures	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
	B8.2	Resources contributed to the focus area.	Community Investment

Independent auditor's report to the shareholders of
Vietnam Manufacturing and Export Processing (Holdings) Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Vietnam Manufacturing and Export Processing (Holdings) Limited ("the Company") and its subsidiaries ("the Group") set out on pages 56 to 104, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

KEY AUDIT MATTER (Continued)

Valuation of motorbikes manufacturing inventories

Refer to note 13 to the consolidated financial statements and the accounting policies in note 2(j).

The Key Audit Matter	How the matter was addressed in our audit
Inventories are carried at the lower of cost and net realisable value ("NRV") in the consolidated financial statements. At 31 December 2023, the Group's motorbikes manufacturing inventories, which accounted for 87% (2022: 89%) of the total inventories with gross amount of US$22.7 million (2022: US$26.0 million), against which a write-down of US$2.8 million (2022: US$3.0 million) was recorded. Management performs a regular review of the motorbikes manufacturing inventories held by the Group and assess if any write-down is required due to their deteriorating physical conditions, long ageing or the expectation that they would not be fully utilised based on expected future manufacturing or trading orders. Where there are such motorbikes manufacturing inventories, a write-down may be required to reduce the carrying amount to NRV. We identified the valuation of motorbikes manufacturing inventories as a key audit matter because significant degree of management judgement required to assess the appropriate level of write-down for motorbikes manufacturing inventories.	Our audit procedures to assess the valuation of the motorbikes manufacturing inventories included the following: • evaluating the Group's policy for provision for inventories with reference to the requirements of the prevailing accounting standards; • assessing, on a sample basis, whether items in the inventory ageing report of motorbikes manufacturing inventories were classified within the appropriate ageing bracket by comparing individual items with goods receipt notes; • assessing, on a sample basis, the reasonableness of NRV of motorbikes manufacturing inventories estimated by management for those long-aged and slow-moving motorbikes manufacturing inventories with reference to the movements, ageing analysis, forward customers' orders and the selling price subsequent to the year end; • challenging management on the reasonableness of NRV of motorbikes manufacturing inventories for damaged inventories by comparing the management's assessment of the conditions of the damaged inventories with our observation during our attendance of the year-end inventory count on motorbikes manufacturing inventories on a sample basis; • re-calculating the write-down for motorbikes manufacturing inventories based on the Group's write-down policy; and • performing retrospective review, on a sample basis, by comparing the carrying values of finished goods of motorbikes manufacturing inventories as at 31 December 2022 with the sales prices achieved during the reporting period and raw materials and work-in-progress of motorbikes manufacturing inventories as at 31 December 2022 with subsequent utilisation record to assess the reliability of management's judgement and whether there is any indication of management bias.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

– Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yeung Yuk Fan.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

13 March 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023
(Expressed in United States dollars)

	Note	2023 US$	2022 US$
Revenue	4	**105,147,919**	132,899,372
Cost of sales		**(89,657,485)**	(119,341,579)
Gross profit		**15,490,434**	13,557,793
Other income	5	**1,030,615**	1,147,872
Distribution costs		**(5,915,868)**	(6,221,993)
Technology transfer fees	22(a)(iv)	**(806,317)**	(774,399)
Administrative and other operating expenses		**(7,920,847)**	(7,059,715)
Results from operations		**1,878,017**	649,558
Finance income		**3,338,690**	2,171,384
Finance costs		**(2,930,985)**	(2,089,472)
Net finance income	6(a)	**407,705**	81,912
Impairment loss on other property, plant and equipment and prepayments for other property, plant and equipment	6(c)	**(454,207)**	(778,800)
Share of profit of an associate		**26,351**	3,663
		(427,856)	(775,137)
Profit/(loss) before taxation	6	**1,857,866**	(43,667)
Income tax expense	7(a)	**(171,666)**	(156,679)
Profit/(loss) for the year		**1,686,200**	(200,346)
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 and an associate		**(1,431,425)**	(1,508,628)
Total comprehensive income for the year		**254,775**	(1,708,974)
Profit/(loss) for the year attributable to:			
Equity shareholders of the Company		**1,686,198**	(200,346)
Non-controlling interests		**2**	–
		1,686,200	(200,346)
Total comprehensive income attributable to:			
Equity shareholders of the Company		**254,773**	(1,708,974)
Non-controlling interests		**2**	–
		254,775	(1,708,974)
Profit/(loss) per share			
– basic and diluted	10	**0.0019**	(0.0002)

The notes on pages 60 to 104 form part of these financial statements.

Consolidated Statement of Financial Position

At 31 December 2023
(Expressed in United States dollars)

	Note	2023 US$	2022 US$
Non-current assets			
Investment properties	11	**3,934,824**	4,076,156
Other property, plant and equipment	11	**3,943,684**	4,289,558
Interest in an associate	12	**613,287**	605,801
		8,491,795	8,971,515
Current assets			
Inventories	13	**22,853,016**	25,951,818
Trade receivables, other receivables and prepayments	14	**20,779,858**	36,799,492
Cash and bank balances	15	**53,980,524**	55,297,226
		97,613,398	118,048,536
Current liabilities			
Trade and other payables	16	**9,746,471**	33,482,913
Bank loans	17	**42,779,390**	40,210,386
Lease liabilities	18	**104,727**	52,091
Current tax payable	19(a)	**167,012**	19,879
		52,797,600	73,765,269
Net current assets		**44,815,798**	44,283,267
Total assets less current liabilities		**53,307,593**	53,254,782
Non-current liabilities			
Deferred tax liabilities	19(b)	**1,435**	33,607
Lease liabilities	18	**2,168,637**	2,338,429
		2,170,072	2,372,036
NET ASSETS		**51,137,521**	50,882,746
Capital and reserves			
Share capital	20(b)	**1,162,872**	1,162,872
Reserves		**49,970,337**	49,715,564
Total equity attributable to equity shareholders of the Company		**51,133,209**	50,878,436
Non-controlling interests		**4,312**	4,310
TOTAL EQUITY		**51,137,521**	50,882,746

Approved and authorised for issue by the Board of Directors on 13 March 2024.

Wu, Jui-Chiao
Director

Lin, Chun-Yu
Director

The notes on pages 60 to 104 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023
(Expressed in United States dollars)

	Attributable to equity shareholders of the Company								
	Share capital US$	Share premium US$	Capital reserve US$	Exchange reserve US$	Statutory reserves US$	Accumulated losses US$	Total US$	Non-controlling interests US$	Total equity US$
Balance at 1 January 2022	1,162,872	112,198,709	1,962,666	(34,541,211)	–	(28,195,626)	52,587,410	4,310	52,591,720
Changes in equity for 2022:									
Loss for the year	–	–	–	–	–	(200,346)	(200,346)	–	(200,346)
Other comprehensive income	–	–	–	(1,508,628)	–	–	(1,508,628)	–	(1,508,628)
Total comprehensive income	–	–	–	(1,508,628)	–	(200,346)	(1,708,974)	–	(1,708,974)
Balance at 31 December 2022	1,162,872	112,198,709	1,962,666	(36,049,839)	–	(28,395,972)	50,878,436	4,310	50,882,746
Balance at 1 January 2023	1,162,872	112,198,709	1,962,666	(36,049,839)	–	(28,395,972)	50,878,436	4,310	50,882,746
Changes in equity for 2023:									
Profit for the year	–	–	–	–	–	1,686,198	1,686,198	2	1,686,200
Other comprehensive income	–	–	–	(1,431,425)	–	–	(1,431,425)	–	(1,431,425)
Total comprehensive income	–	–	–	(1,431,425)	–	1,686,198	254,773	2	254,775
Transfer retained profits to statutory reserves	–	–	–	–	47,049	(47,049)	–	–	–
Balance at 31 December 2023	1,162,872	112,198,709	1,962,666	(37,481,264)	47,049	(26,756,823)	51,133,209	4,312	51,137,521

The notes on pages 60 to 104 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2023
(Expressed in United States dollars)

	Note	2023 US$	2022 US$
Operating activities			
Profit/(loss) before taxation		**1,857,866**	(43,667)
Adjustments for:			
Net gain on disposal of other property, plant and equipment	5	**(108,539)**	(141,070)
Interest income	6(a)	**(3,338,690)**	(2,171,384)
Interest expenses	6(a)	**2,477,986**	1,419,824
Depreciation of property, plant and equipment	6(c)	**275,438**	296,684
Write-down/(reversal of write-down) of inventories	6(c)	**196,144**	(427,457)
Loss allowance of trade receivables	6(c)	**539,836**	121,923
Impairment losses on other property, plant and equipment and prepayments for other property, plant and equipment	6(c)	**454,207**	778,800
Share of profit of an associate		**(26,351)**	(3,663)
Foreign exchange gain		**(1,076,657)**	(1,659,936)
		1,251,240	(1,829,946)
Changes in working capital:			
Decrease in inventories		**2,902,658**	3,967,896
Decrease/(increase) in trade receivables, other receivables and prepayments		**15,172,021**	(10,982,066)
(Decrease)/increase in trade and other payables		**(22,678,389)**	9,159,765
Cash (used in)/generated from operations		**(3,352,470)**	315,649
Income tax (paid)/refunded		**(58,303)**	8,407
Net cash (used in)/generated from operating activities		**(3,410,773)**	324,056
Investing activities			
Interest received		**3,015,484**	2,010,297
Proceeds from disposal of other property, plant and equipment		**108,539**	141,070
Payment for purchase of other property, plant and equipment and investment properties		**(458,905)**	(684,260)
Payment for non-current prepayments		**(4,181)**	(8,975)
Decrease/(increase) in time deposits maturing after three months		**7,103,489**	(5,749,259)
Net cash generated from/(used in) investing activities		**9,764,426**	(4,291,127)
Financing activities			
Proceeds from borrowings	15(c)	**129,140,700**	126,654,608
Repayment of borrowings	15(c)	**(125,845,823)**	(121,091,051)
Capital element of lease rentals paid	15(c)	**(54,822)**	(51,587)
Interest element of lease rentals paid	15(c)	**(171,076)**	(166,063)
Other borrowing costs paid	15(c)	**(2,306,910)**	(1,253,761)
Net cash generated from financing activities		**762,069**	4,092,146
Net increase in cash and cash equivalents		**7,115,722**	125,075
Cash and cash equivalents at 1 January		**10,518,849**	10,537,922
Effect of foreign exchange rate changes		**(802,605)**	(144,148)
Cash and cash equivalents at 31 December	15	**16,831,966**	10,518,849

The notes on pages 60 to 104 form part of these financial statements.

1 REPORTING ENTITY

Vietnam Manufacturing and Export Processing (Holdings) Limited (the "Company") was incorporated in the Cayman Islands on 20 June 2005 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Company and its subsidiaries (collectively, the "Group") are principally engaged in manufacture and sales of motorbikes, related spare parts and engines and provision of motorbike maintenance services.

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 20 December 2007.

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB"). These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(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 accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2023 comprise the Company and its subsidiaries and the Group's interest in an associate.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

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 ("US$") as its presentation currency as the directors of the Company consider that presentation of the consolidated financial statements in US$ 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.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(c) Changes in accounting policies

The Group has applied the following new and amended IFRSs issued by the IASB to these financial statements for the current accounting period:

- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*

- Amendments to IAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*

- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*

- Amendments to IAS 12, *Income taxes: International tax reform – Pillar Two model rules*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidate financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests ("NCI") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(i)(ii)).

2 MATERIAL ACCOUNTING POLICIES (Continued)

(e) Associates and joint operations

(i) An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies.

An interest in an associate is accounted for using the equity method. It is initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence ceases.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate, after applying the expected credit losses model to such other long-term interests where applicable (see note 2(i)(i)).

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

(ii) A joint operation is a joint arrangement whereby the Group and other parties contractually agree to share control of the arrangement, have the rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group recognises its interest in the joint operation by combining the assets, liabilities, revenues and expenses attributable to its interest with similar items on a line-by-line basis. Consistent accounting policies are applied for like transactions and events in similar circumstances.

(f) Investment properties

Investment properties are stated at cost less accumulated depreciation and impairment losses (see note 2(i)(ii)).

Investment properties are depreciated on a straight-line basis over the shorter of the unexpired term of leases and their estimated useful lives. Both the useful life of investment properties and residual values, if any are reviewed annually.

Gains or losses on disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the investment property and is recognised in profit or loss on the date of retirement or disposal.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(g) Other property, plant and equipment

The following items of other property, plant and equipment are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses (see note 2(i)(ii)):

– right-of-use assets arising from leases over leasehold properties where the Group is not the registered of the property interest;

– buildings held for own use which are situated on leasehold land;

– right-of-use assets arising from prepaid land lease rentals and related cost; and

– other items of plant and equipment.

If significant parts of an item of other property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of other property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost of items of other property, plant and equipment, less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

– Leasehold land	30 – 50 years
– Buildings held for own use	20 – 30 years
– Machinery, moulds and equipment	2 – 12 years
– Office equipment, furniture and fittings	4 – 10 years
– Electrical, water and utility systems	5 – 10 years
– Motor vehicles	5 – 7 years

– The Group's interests in buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and building's estimated useful life.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if applicable.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

At the lease commencement date, the Group recognise a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(g) and 2(i)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses ("ECL" s) on financial assets measured at amortised cost (including cash and cash equivalents, and trade and other receivables).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and the expected amounts.

The expected cash shortfalls are discounted using the effective interest rate determined at initial recognition or an approximation thereof if the effect is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

– lifetime ECLs: these are the ECLs result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

– financial instruments that are determined to have low credit risk at the reporting date; and

– other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(i) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition, and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

– the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

– the financial asset is 90 days past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or being more than 90 days past due;

– the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

– it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the asset becomes 91 days past due or when the Group otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(i) Credit losses and impairment of assets (Continued)

(ii) Impairment of other non-current assets

At the end of each reporting date, the Group reviews the carrying amounts of its non– financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU" s).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset, or CGU, exceeds its recoverable amount.

Impairment losses are recognised in profit and loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with IAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(i)(i) and (ii)).

(j) Inventories

Inventories are measured at the lower of the cost and net realisable value as follows:

– Motorbike manufacturing

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

– Properties for sale

Cost of properties comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less any estimated costs of completion and costs to be incurred in selling the property.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(k) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost.

Insurance reimbursement is recognised and measured in accordance with note 2(q).

(l) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 2(t).

(m) Trade and other payables (other than refund liabilities) and contract liabilities

(i) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(ii) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue. A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivables is also recognised (see note 2(k)).

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in note 2(i)(i).

(o) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(p) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

– temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(q) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(r) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sales of goods

Revenue is recognised when the control of goods was transferred. The transfer of the control of goods means that the goods had been delivered to the customer and the customer could solely decide the sales channel and price of the goods. There were no outstanding obligations that would affect the customer's acceptance of the goods. Delivery occurred at the place of delivery specified in the contract, the risk of obsolescence and loss had been transferred to the customer, and the customer had accepted the goods in accordance with the sales contract. The acceptance terms had expired, or the Group had objective evidence that all acceptance conditions had been met.

Payment terms and conditions vary by customers and are based on the billing schedule established in the contracts or purchase orders with customers, but the Group generally provides credit terms to overseas customers with 60 to 90 days upon customer acceptance. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.

The Group provided a standard warranty for the sales of goods and therefore had the obligation to provide a repair and maintenance for product defects. It had set aside a warranty liability provision for this obligation.

The Group offers retrospective volume rebates to certain major customers when their purchases reach an agreed threshold. Such volume rebates give rise to variable consideration based on the Group's current and further performance expectations and all information that is reasonably available. This estimated amount is included in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. At the time of sales of goods, the Group recognises revenue after taking into account adjustment to transaction price arising from rebates, and is included in other payables.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(r) Revenue and other income (Continued)

(ii) Rendering of services

Revenue from repair services is recognised in profit or loss when services are rendered.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(iv) Interest income

Interest income is recognised using the effective interest method. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(s) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations are translated into United States dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into United States dollars at the exchange rates approximately at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

(t) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(u) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(v) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENT AND ESTIMATES

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

(a) Impairment loss on other property, plant and equipment

The Group assesses annually whether there are indications of impairment of other property, plant and equipment in accordance with the relevant accounting policies. If such indication exists, the recoverable amounts of the assets would be determined by reference to value-in– use and fair value less costs of disposal. Value-in-use is determined using the discounted cash flow method. Due to inherent risk associated with estimations in the timing and magnitude of the future cash flows, the estimated recoverable amount of the assets may be different from its actual recoverable amount and the Group's profit or loss could be affected by the accuracy of the estimations. Changes in facts and circumstances may result in revisions to the conclusion of whether an indication of impairment exists and revised estimates of recoverable amounts, which would affect profit or loss in future years.

(b) Loss allowances on trade receivables

The Group uses provision matrix to calculate ECLs for trade and other receivables. The provision matrix is based on the Group's historical credit loss experience (including credit history of its customers) and the current and forecast economic conditions. Management reassesses the provision at the end of each reporting period.

Significant judgement is exercised on the assessment of the collectability of trade receivables from each customer. In making the judgement, management considers a wide range of factors such as results of follow-up procedures performed by sales personnel, coverage of credit insurance, customer payment trends including subsequent payments and customers' financial positions. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

(c) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market prices and the historical experience of distributing and selling products of a similar nature. These estimates could vary significantly as a result of competitor actions in response to severe industry cycles or other changes in market conditions. Management reassesses the estimations at the end of each reporting period.

(Expressed in United States dollars unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING

(a) Disaggregation of revenue

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

Further details regarding the Group's principal activities are disclosed in note 4(b).

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

	2023	2022
	US$	*US$*
Revenue from contracts with customers within the scope of IFRS 15		
Manufacture and sale of motorbikes	**95,887,544**	120,545,295
Manufacture and sale of spare parts and engines	**9,260,375**	12,354,077
	105,147,919	132,899,372

Disaggregation of revenue from contracts with customers by geographic markets is disclosed in note 4(b)(ii).

The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its sales contracts and does not disclose information about remaining performance obligations that have original expected duration of one year or less.

The Group's customer base is diversified and includes one customer (2022: three customers) with whom transactions have respectively exceeded 10% of the Group's revenue. During the year ended 31 December 2023, revenue from sales of motorbikes to the customers was as follows:

	2023	2022
	US$	*US$*
Customer A	**40,805,000**	42,086,080
Customer B*	**N/A**	21,362,815
Customer C*	**N/A**	13,563,241

* Revenue from customers B and C for the year ended 31 December 2023 did not contribute over 10% of the total revenue of the Group.

Details of concentration of credit risk arising from the customers are set out in note 21(a).

(b) Segment reporting

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

– Manufacturing and sale of motorbikes: the Group's principal products are motorbikes manufactured for the Vietnamese market. The Group also exports motorbikes to other countries including Malaysia, the Philippines, Thailand, Greece, Dubai and Taiwan.

– 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.

(Expressed in United States dollars unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

Segment results

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

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments.

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

In addition to receiving segment information concerning adjusted EBIT, management is provided with segment information concerning revenue (including inter-segment sales), and depreciation. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

(i) Reconciliation of reportable segment revenues and profit or loss

Information regarding the Group's reportable segments as provided to the Group's senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2023 and 2022 is set out below:

	2023		
	Manufacturing and sale of motorbikes *US$*	Manufacturing and sale of spare parts and engines *US$*	Total *US$*
Revenue from external customers recognised at a point in time	95,887,544	9,260,375	105,147,919
Inter-segment revenue	–	29,061,900	29,061,900
Reportable segment revenue	**95,887,544**	**38,322,275**	**134,209,819**
Segment profit before depreciation	2,285,122	1,388,434	3,673,556
Depreciation	(245,216)	–	(245,216)
Reportable segment profit ("adjusted EBIT")	**2,039,906**	**1,388,434**	**3,428,340**
Share of profit of an associate			26,351
Net finance income			407,705
Impairment loss on other property, plant and equipment and prepayments for other property, plant and equipment			(454,207)
Unallocated corporate expenses			(1,550,323)
Profit before taxation			**1,857,866**

(Expressed in United States dollars unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(i) Reconciliation of reportable segment revenues and profit or loss (Continued)

	2022 Manufacturing and sale of motorbikes US$	Manufacturing and sale of spare parts and engines US$	Total US$
Revenue from external customers recognised at a point in time	120,545,295	12,354,077	132,899,372
Inter-segment revenue	–	36,952,824	36,952,824
Reportable segment revenue	120,545,295	49,306,901	169,852,196
Segment profit before depreciation	1,848,443	570,957	2,419,400
Depreciation	(267,621)	–	(267,621)
Reportable segment profit ("adjusted EBIT")	1,580,822	570,957	2,151,779
Share of profit of an associate			3,663
Net finance income			81,912
Impairment loss on other property, plant and equipment and prepayments for other property, plant and equipment			(778,800)
Unallocated corporate expenses			(1,502,221)
Loss before taxation			(43,667)

(ii) 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 investment properties and other property, plant and equipment ("specified non-current assets"). The geographical location of customers is based on the location at which the goods were delivered to. The geographical location of the specified non-current assets is based on the physical location of the assets.

	Revenues from external customers		**Specified non-current assets**	
	2023 US$	2022 US$	**2023 US$**	2022 US$
Vietnam (place of domicile)	**36,131,761**	39,277,814	**7,878,508**	8,365,714
Thailand	**50,158,581**	55,322,752	**–**	–
Malaysia	**6,754,409**	24,816,965	**–**	–
The Philippines	**4,559,016**	5,082,341	**–**	–
Greece	**3,468,606**	4,615,490	**–**	–
Dubai	**3,246,179**	2,549,664	**–**	–
Taiwan	**145,970**	104,303	**–**	–
Other countries	**683,397**	1,130,043	**–**	–
	105,147,919	132,899,372	**7,878,508**	8,365,714

(Expressed in United States dollars unless otherwise indicated)

5 OTHER INCOME

	2023 US$	2022 US$
Net gain on disposal of other property, plant and equipment	**108,539**	141,070
Rental income	**26,974**	25,939
Others	**895,102**	980,863
	1,030,615	1,147,872

6 PROFIT/(LOSS) BEFORE TAXATION

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

(a) Net finance income

	2023 US$	2022 US$
Interest income from banks	**(3,338,690)**	(2,171,384)
Finance income	**(3,338,690)**	(2,171,384)
Interest paid and payable to banks	**2,306,910**	1,253,761
Interest on lease liabilities	**171,076**	166,063
Net foreign exchange loss	**452,999**	669,648
Finance costs	**2,930,985**	2,089,472
	(407,705)	(81,912)

(Expressed in United States dollars unless otherwise indicated)

6 PROFIT/(LOSS) BEFORE TAXATION (Continued)

(b) Staff costs

	2023 **US$**	2022 US$
Contributions to defined contribution retirement plans	**1,302,630**	1,133,980
Severance pay allowance	**23,799**	87,170
Salaries, wages and other benefits	**10,642,128**	10,875,465
	11,968,557	12,096,615

Description of the defined contribution retirement plan

The Group participates in a defined contribution plans managed by the Vietnam and Taiwan governments whereby the Group is required to make contributions to the plans. The applicable rates are 17.5% and 3% of total contractual salaries for the employer's portion of social and health insurance respectively in Vietnam and 6% of total contractual salaries for the employer's contribution in Taiwan. The Group has no obligation for the payment of retirement benefits other than the contributions described above. The Group's contributions vest fully with the employees when contributed into the plan.

(c) Other items

	2023 **US$**	2022 US$
Depreciation of property, plant and equipment		
– other property, plant and equipment	**245,216**	267,621
– investment properties	**30,222**	29,063
	275,438	296,684
Write-down/(reversal of write-down) of inventories *(note 13(b))*	**196,144**	(427,457)
Loss allowance of trade receivables	**539,836**	121,923
Impairment loss on other property, plant and equipment *(note 11(c))*	**458,905**	769,825
(Reversal of impairment loss)/impairment loss on prepayments for other property, plant and equipment *(note 11(c))*	**(4,698)**	8,975
Auditors' remuneration		
– Audit services	**388,903**	355,844
– Other services	**7,511**	7,150
Research and development expenses *(note (i))*	**2,420,421**	2,225,253
Cost of inventories *(note (ii)) (note 13(b))*	**89,461,341**	119,769,036

Notes:

(i) Research and development expenses include amounts relating to technology transfer fees, staff costs, depreciation expenses, and other miscellaneous expenses, which are also included in the respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses. No development expenditure was capitalised during the years ended 31 December 2023 and 2022.

(ii) Cost of inventories includes amounts relating to staff costs and depreciation expenses, which are also included in the respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses.

(Expressed in United States dollars unless otherwise indicated)

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

(a) Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	2023 **US$**	2022 US$
Current tax		
Provision for the year	**196,619**	31,637
Under-provision in respect of prior year	**6,757**	3,825
	203,376	35,462
Deferred tax		
Origination and reversal of temporary differences	**(31,710)**	121,217
Actual tax expense	**171,666**	156,679

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 years ended 31 December 2023 and 2022.

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

In accordance with the Law of Foreign Investment of 1987, as amended in 1990 and 1992 in Vietnam, provision for corporate income tax ("CIT") for Vietnam Manufacturing and Export Processing Co., Ltd. ("VMEP") is calculated at 18% of the taxable profits on motorbike assembling and manufacturing activities and at the rate of 10% of taxable profits on engine assembling and manufacturing activities. The applicable tax rate for profits from other operating activities is 20%.

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

The applicable tax rate for Chin Zong Trading Co., Ltd. ("Chin Zong") is 20% (2022: 20%), if the taxable profit is above New Taiwan Dollar ("NT$") 120,000. Income tax is exempted if the taxable profit is below NT$120,000.

(b) Reconciliation between tax expense and accounting profit/(loss) at applicable tax rates:

	2023 **US$**	2022 US$
Profit/(loss) before taxation	**1,857,866**	(43,667)
Notional tax on profit/(loss) before taxation, calculated at the rates applicable to profit or loss in the countries concerned	**363,562**	29,432
Tax effect of non-deductible expenses	**337,988**	328,077
Tax effect of non-taxable income	**(47,565)**	(21,410)
Tax effect of utilisation of tax losses previously not recognised	**(510,248)**	(183,245)
Under-provision in respect of prior year	**6,757**	3,825
Others	**21,172**	–
Actual tax expense	**171,666**	156,679

(Expressed in United States dollars unless otherwise indicated)

8 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Salaries, allowances and benefits in kind US$	Discretionary bonuses US$	Directors' fees US$	Contributions to defined contribution retirement plans US$	2023 Total US$
Chairman:					
Liu, Wu-Hsiung	44,007	–	–	–	44,007
Executive directors:					
Huang, Tsung-Yeh (appointed on 28 March 2022 and resigned on 3 November 2023)	48,907	3,391	–	–	52,298
Lin, Chun-Yu	76,317	3,302	–	–	79,619
Wu, Jui-Chiao (appointed on 3 November 2023)	11,241	–	–	–	11,241
Non-executive directors:					
Wu, Li-Chu	–	–	3,000	–	3,000
Chiang, Chin-Yung (resigned on 3 November 2023)	–	–	3,000	–	3,000
Chen, Hsu-Pin	–	–	3,000	–	3,000
Liu, Ju-Cheng (appointed on 3 November 2023)	–	–	483	–	483
Independent non-executive directors:					
Lin, Ching-Ching	–	–	25,000	–	25,000
Wu, Kwei-Mei (resigned on 3 November 2023)	–	–	25,000	–	25,000
Cheung, On-Kit Andrew	–	–	25,000	–	25,000
Wu, Hui-Lan (appointed on 3 November 2023)	–	–	4,028	–	4,028
	180,472	6,693	88,511	–	275,676

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8 DIRECTORS' EMOLUMENTS (Continued)

	Salaries, allowances and benefits in kind *US$*	Discretionary bonuses *US$*	Directors' fees *US$*	Contributions to defined contribution retirement plans *US$*	2022 Total *US$*
Chairman:					
Liu, Wu-Hsiung	46,545	–	–	–	46,545
Executive directors:					
Huang, Tsung-Yeh (appointed on 28 March 2022 and resigned on 3 November 2023)	55,860	3,394	–	–	59,254
Lin, Chun-Yu	77,880	3,330	–	–	81,210
Cheng, Hsu-Chi (resigned on 24 March 2022)	23,916	–	–	–	23,916
Non-executive directors:					
Wu, Li-Chu	–	–	3,000	–	3,000
Chiang, Chin-Yung (resigned on 3 November 2023)	–	–	3,000	–	3,000
Chen, Hsu-Pin	–	–	3,000	–	3,000
Independent non-executive directors:					
Lin, Ching-Ching	–	–	25,000	–	25,000
Wu, Kwei-Mei (resigned on 3 November 2023)	–	–	25,000	–	25,000
Cheung, On-Kit Andrew	–	–	25,000	–	25,000
	204,201	6,724	84,000	–	294,925

The emoluments of each individual director are within the band of HK$Nil to HK$1,000,000 for both years ended 31 December 2023 and 2022.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2022: two) are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other three (2022: three) individuals are as follows:

	2023 ***US$***	2022 *US$*
Salaries and other benefits	**186,402**	175,655
Discretionary bonuses	**8,017**	8,182
	194,419	183,837

The emoluments of the three (2022: three) individuals with the highest emoluments are within the band of HK$Nil to HK$1,000,000 for both years ended 31 December 2023 and 2022.

(Expressed in United States dollars unless otherwise indicated)

10 PROFIT/(LOSS) PER SHARE

(a) Basic profit/(loss) per share

The calculation of basic profit/(loss) per share is based on the profit attributable to equity shareholders of the Company of US$1,686,198 (2022: loss of US$200,346) and the weighted average of 907,680,000 (2022: 907,680,000) ordinary shares in issue during the year. The amount of basic profit per share is US$0.0019 (2022: basic loss per share of US$0.0002) for the year ended 31 December 2023.

(b) Diluted profit/(loss) per share

The amount of diluted profit/(loss) per share is the same as the basic profit/(loss) per share for the years ended 31 December 2023 and 2022 as there were no potential dilutive ordinary shares in existence during the years ended 31 December 2023 and 2022.

11 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Other property, plant and equipment									
	Right-of-use assets	**Buildings held for own use**	**Machinery, moulds and equipment**	**Office equipment, furniture and fittings**	**Electrical, water and utility systems**	**Motor vehicles**	**Assets under construction**	**Sub-total**	**Investment properties**	**Total**
	US$	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*
Cost										
At 1 January 2022	12,330,201	21,128,953	66,164,669	1,753,668	7,216,408	901,492	3,513,309	113,008,700	4,284,287	117,292,987
Additions	1,801,971	–	178,609	38,729	10,376	–	456,546	2,486,231	–	2,486,231
Disposals	–	–	(71,895)	–	(346,062)	(107,767)	–	(525,724)	–	(525,724)
Exchange adjustments	(231,813)	(418,661)	(1,414,417)	(36,727)	(168,921)	(17,585)	(61,363)	(2,349,487)	(89,676)	(2,439,163)
At 31 December 2022 and 1 January 2023	13,900,359	20,710,292	64,856,966	1,755,670	6,711,801	776,140	3,908,492	112,619,720	4,194,611	116,814,331
Additions	–	–	360,562	–	80,492	17,851	–	458,905	–	458,905
Disposals	–	–	(7,332,466)	(37,604)	(48,267)	(5,393)	–	(7,423,730)	–	(7,423,730)
Exchange adjustments	(323,292)	(544,879)	(1,310,533)	(45,397)	(218,282)	(22,546)	(85,332)	(2,550,261)	(116,710)	(2,666,971)
At 31 December 2023	13,577,067	20,165,413	56,574,529	1,672,669	6,525,744	766,052	3,823,160	103,104,634	4,077,901	107,182,535
Accumulated depreciation and impairment losses										
At 1 January 2022	12,330,201	18,209,815	66,164,669	1,753,668	7,216,408	901,492	3,513,309	110,089,562	91,657	110,181,219
Written back on disposals	–	–	(71,895)	–	(346,062)	(107,767)	–	(525,724)	–	(525,724)
Charge for the year	114,998	152,623	–	–	–	–	–	267,621	29,063	296,684
Impairment loss	85,565	–	178,609	38,729	10,376	–	456,546	769,825	–	769,825
Exchange adjustments	(212,728)	(359,381)	(1,414,417)	(36,727)	(168,921)	(17,585)	(61,363)	(2,271,122)	(2,265)	(2,273,387)
At 31 December 2022 and 1 January 2023	12,318,036	18,003,057	64,856,966	1,755,670	6,711,801	776,140	3,908,492	108,330,162	118,455	108,448,617
Written back on disposals	–	–	(7,332,466)	(37,604)	(48,267)	(5,393)	–	(7,423,730)	–	(7,423,730)
Charge for the year	86,507	158,709	–	–	–	–	–	245,216	30,222	275,438
Impairment loss	–	–	360,562	–	80,492	17,851	–	458,905	–	458,905
Exchange adjustments	(285,859)	(481,654)	(1,310,533)	(45,397)	(218,282)	(22,546)	(85,332)	(2,449,603)	(5,600)	(2,455,203)
At 31 December 2023	12,118,684	17,680,112	56,574,529	1,672,669	6,525,744	766,052	3,823,160	99,160,950	143,077	99,304,027
Net book value										
At 31 December 2023	1,458,383	2,485,301	–	–	–	–	–	3,943,684	3,934,824	7,878,508
At 31 December 2022	1,582,323	2,707,235	–	–	–	–	–	4,289,558	4,076,156	8,365,714

(Expressed in United States dollars unless otherwise indicated)

11 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Right-of-use assets

Right-of-use assets represent the ownership interests in leasehold land and other properties leased for own use. During the year ended 31 December 2022, additions to right-of-use assets were U$1,801,971. This amount included the capitalised lease payments payable when renewal of tenancy agreement of warehouse and lease modification of leasehold land.

(i) Ownership interests in leasehold land

The Group holds several leasehold land for its motorbike business, where its manufacturing facilities are primarily located. The leases are with remaining lease term of between 10 and 50 years. The Group is the registered owner of these land.

(ii) Other properties leased for own use

The Group has obtained the right to use other properties as its office buildings and warehouses through tenancy agreements. The leases typically run for an initial period of one to five years.

(iii) The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2023	2022
	US$	*US$*
Depreciation charge of right-of-use assets	**86,507**	114,998
Interest on lease liabilities *(note 6(a))*	**171,076**	166,063
Expense relating to leases of low-value assets	**2,595**	1,815

(c) Impairment losses

The manufacturing and sale of motorbikes segment, and manufacturing and sale of spare parts and engines segment ("motorbike business") in Vietnam are considered one cash generating unit ("CGU") of the Group.

The Group suffered significant operating losses (before impairment losses on non-current assets) over the past few years due to the fierce competition in the motorbike industry and increase of manufacturing costs on new launched products. Based on an impairment assessment conducted by management, impairment losses totalling US$454,207 (2022: US$778,800) was recognised in profit or loss during the year to write down the carrying value of other property, plant and equipment and prepayments for other property, plant and equipment of the CGU to their recoverable amounts.

The recoverable amount of the CGU is determined based on the higher of its value-in-use and the fair value less costs of disposal. Management identified certain land and buildings included in the CGU, which carrying values are likely to be recovered through a sales transaction. The recoverable amounts of these land and buildings are measured based on their fair value less costs of disposal. This valuation model considers recent sales prices of comparable properties on a price per square foot basis, adjusted for a premium or a discount specific to the quality of the Group's land and buildings compared to the recent sales. Higher premium for higher quality land and buildings will result a higher fair value measurement. The fair value on which recoverable amount is based is categorised as a Level 3 measurement under the three-level fair value hierarchy as defined in IFRS 13, *Fair Value Measurement*. Key unobservable inputs include the premium on quality of the buildings 5% (2022: 5%). For assets which management considers are likely to be recovered through continuing use, the Group assessed the recoverable amount based on value-in-use calculation. These calculations use cash flow forecast based on financial budgets approved by management in which cash flows are discounted using pre-tax discount rate of 13% (2022: 13%).

(Expressed in United States dollars unless otherwise indicated)

11 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (Continued)

(d) Fair value of investment properties

As at 31 December 2023, the fair value of investment properties amounted to US$8,264,244 (2022: US$6,869,000) which is determined based on valuations carried out by Hoang Quan Appraisal Limited, independent professional valuers.

The fair value of the Group's investment properties falls under Level 3 of the three-level fair value hierarchy as defined in IFRS 13. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique. The fair value of investment properties are determined on market basis by reference to comparable sales evidence as available in the relevant markets, with adjustments to the comparable transactions to reflect the differences in specifications between the subjects and comparable.

12 INTEREST IN AN ASSOCIATE

The Group's interest in an associate of US$613,287 (2022: US$605,801) at 31 December 2023 represents its share of the net assets of the Vietnam Three Brothers Machinery Industry Co., Limited ("VTBM").

VTBM was originally a wholly foreign-owned enterprise established on 5 September 2002 with a registered capital of US$1,000,000 by Three Brothers Machinery Industry Co., Ltd. (registered in Taiwan), a subsidiary of Sanyang Motor Co., Ltd., the Company's ultimate holding company. On 7 April 2003, the Group acquired 31% of the contributed capital of VTBM.

VTBM's licensed period of operation is 50 years and its principal activities are manufacturing and sale of motorbike-related spare parts.

VTBM is accounted for using the equity method in the consolidated financial statements.

Summarised financial information of VTBM, adjusted for any differences in accounting policies, and reconciled to the carrying amount in the consolidated financial statements, are disclosed below:

	2023	2022
	US$	*US$*
Gross amount of the associate		
Current assets	**1,997,739**	2,457,984
Non-current assets	**436,773**	505,066
Current liabilities	**(456,167)**	(1,008,853)
Equity	**1,978,345**	1,954,197
Revenue	**5,464,152**	7,981,474
Profit from continuing operations	**85,003**	11,816
Other comprehensive income	**(60,855)**	(41,667)
Total comprehensive income	**24,148**	(29,851)
Reconciled to the Group's interest in the associate		
Gross amount of net assets of the associate	**1,978,345**	1,954,197
Group's effective interest	**31%**	31%
Group's share of net assets of the associate and the carrying amount in the consolidated financial statements	**613,287**	605,801

(Expressed in United States dollars unless otherwise indicated)

13 INVENTORIES

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

	2023 US$	2022 US$
Motorbikes manufacturing		
– Raw materials	**14,767,260**	20,318,760
– Tools and supplies	**336,770**	274,719
– Work in progress	**168,145**	316,166
– Finished goods	**5,221,062**	2,726,324
– Merchandise inventories *(note (i))*	**2,246,308**	2,322,440
	22,739,545	25,958,409
Provision for write-down of inventories	**(2,751,978)**	(2,954,049)
	19,987,567	23,004,360
Properties *(note (ii))*	**2,865,449**	2,947,458
	22,853,016	25,951,818

Notes:

(i) Merchandise inventories mainly represent spare parts kept for repairs and maintenance.

(ii) The balance represents the share of properties interest under an investment cooperation memorandum. In 2019, the Group has established a joint arrangement with an unrelated third party to undertake property investing in Vietnam in the form of a joint operation. In accordance with the investment cooperation memorandum, the decisions about relevant activities require unanimous consent of the parties sharing control and, therefore management has accounted for the investments as a joint operation, which is accounted for using the line-by-line basis to the extent of the Group's interest in the joint operation. Details of the arrangement and key terms of the investment cooperation memorandum were disclosed in the Company's announcements dated 24 October 2019 and 4 November 2019. At 31 December 2023 and 31 December 2022, the properties are under development stage.

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

	2023 US$	2022 US$
Carrying amount of inventories sold	**89,461,341**	119,769,036
Write-down/(reversal of write-down) of inventories	**196,144**	(427,457)
	89,657,485	119,341,579

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

	2023 US$	2022 US$
At 1 January	**2,954,049**	3,689,771
Additions/(reversal)	**196,144**	(427,457)
Utilisation	**(322,805)**	(236,787)
Exchange adjustments	**(75,410)**	(71,478)
At 31 December	**2,751,978**	2,954,049

(Expressed in United States dollars unless otherwise indicated)

14 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	2023 US$	2022 US$
Trade receivables *(note 14(a))*	**10,282,879**	19,740,540
Non-trade receivables *(note 14(b))*	**10,059,160**	16,714,310
Prepayments *(note 14(c))*	**338,090**	277,416
Amounts due from related parties *(note 22(b))*		
– Trade *(note 14(a))*	**93,751**	66,879
– Non-trade	**5,978**	347
	20,779,858	36,799,492

(a) Trade receivables

Ageing analysis

All of the trade receivables (including trade receivables and amounts due from related parties) are expected to be recovered within one year.

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 loss allowance, is as follows:

	2023 US$	2022 US$
Within 3 months	**4,233,872**	19,679,572
More than 3 months but within 1 year	**6,142,758**	127,847
	10,376,630	19,807,419

Trade receivables are due within 60 to 90 days from the date of billing. Further details on the Group's credit policy are set out in note 21(a).

(b) Non-trade receivables

	2023 US$	2022 US$
Deductible value-added tax	**3,499,329**	5,890,623
Import tax refundable	**4,015,942**	7,744,887
Interest receivable	**1,600,324**	1,277,118
Others	**943,565**	1,801,682
	10,059,160	16,714,310

The above balances are expected to be recovered or utilised within one year.

(c) Prepayments

	2023 US$	2022 US$
Prepayments	**113,293**	137,449
Advances to suppliers	**224,797**	139,967
	338,090	277,416

15 CASH AND BANK BALANCES

	Note	2023 US$	2022 US$
Cash at banks and on hand		**8,177,714**	7,932,734
Time deposits maturing within 3 months		**8,654,252**	2,586,115
Cash and cash equivalents in the consolidated cash flow statement	15(a)	**16,831,966**	10,518,849
Time deposits maturing after 3 months	15(b)	**37,148,558**	44,778,377
		53,980,524	55,297,226

(a) Cash and cash equivalents in the consolidated cash flow statement comprise:

	2023 US$	2022 US$
Denominated in VN$	**12,045,545**	3,446,771
Denominated in US$	**4,572,843**	6,544,676
Denominated in NT$	**213,578**	527,402
	16,831,966	10,518,849

(b) Time deposits maturing after three months

	2023 US$	2022 US$
Denominated in VN$	**36,823,090**	44,452,803
Denominated in NT$	**325,468**	325,574
	37,148,558	44,778,377

The effective interest rates per annum relating to time deposits maturing after three months are as follows:

	2023	2022
Effective interest rates – VN$	**4.3% – 9.0%**	4.4% – 7.8%
Effective interest rates – NT$	**1.57% – 1.58%**	1.44%

As at 31 December 2023, certain of the Group's time deposits with an aggregate value of US$24,264,950 (2022: US$24,809,910) were pledged to secure bank loans of the Group (see note 17).

(Expressed in United States dollars unless otherwise indicated)

15 CASH AND BANK BALANCES (Continued)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Bank loans *US$* *(note 17)*	Lease liabilities *US$* *(note 18)*	Total *US$*
At 1 January 2023	**40,210,386**	**2,390,520**	**42,600,906**
Changes from financing cash flows:			
Proceeds from borrowings	**129,140,700**	**–**	**129,140,700**
Repayment of borrowings	**(125,845,823)**	**–**	**(125,845,823)**
Capital element of lease rentals paid	**–**	**(54,822)**	**(54,822)**
Interest element of lease rentals paid	**–**	**(171,076)**	**(171,076)**
Other borrowing costs paid	**(2,306,910)**	**–**	**(2,306,910)**
	987,967	**(225,898)**	**762,069**
Other changes:			
Exchange adjustments	**(725,873)**	**(62,334)**	**(788,207)**
Interest expenses *(note 6(a))*	**2,306,910**	**171,076**	**2,477,986**
Total other changes	**1,581,037**	**108,742**	**1,689,779**
At 31 December 2023	**42,779,390**	**2,273,364**	**45,052,754**

	Bank loans *US$* *(note 17)*	**Lease liabilities** *US$* *(note 18)*	**Total** *US$*
At 1 January 2022	36,052,299	708,951	36,761,250
Changes from financing cash flows:			
Proceeds from borrowings	126,654,608	–	126,654,608
Repayment of borrowings	(121,091,051)	–	(121,091,051)
Capital element of lease rentals paid	–	(51,587)	(51,587)
Interest element of lease rentals paid	–	(166,063)	(166,063)
Other borrowing costs paid	(1,253,761)	–	(1,253,761)
	4,309,796	(217,650)	4,092,146
Other changes:			
Exchange adjustments	(1,405,470)	(68,815)	(1,474,285)
Interest expenses *(note 6(a))*	1,253,761	166,063	1,419,824
Increase in lease liabilities from renewal of tenancy agreement and lease modification	–	1,801,971	1,801,971
Total other changes	(151,709)	1,899,219	1,747,510
At 31 December 2022	40,210,386	2,390,520	42,600,906

(Expressed in United States dollars unless otherwise indicated)

15 CASH AND BANK BALANCES (Continued)

(d) Total cash outflow for leases

Amounts included in the consolidated cash flow statement for leases comprise the following:

	2023	2022
	US$	*US$*
Within operating cash flows	**2,595**	1,815
Within financing cash flows	**225,898**	217,650
	228,493	219,465

These amounts relate to the following:

	2023	2022
	US$	*US$*
Lease rentals paid	**228,493**	219,465

(Expressed in United States dollars unless otherwise indicated)

16 TRADE AND OTHER PAYABLES

	2023 US$	2022 US$
Trade payables *(note 16(a))*	**2,101,628**	8,431,671
Other payables and accrued operating expenses *(note 16(b))*	**3,665,255**	4,454,975
Contract liabilities – billings in advance of performance *(note 16(c))*	**370,313**	733,388
Provisions *(note 16(d))*	**2,299,689**	2,151,871
Amounts due to related parties *(note 22(c))*		
– Trade *(note 16(a))*	**1,095,229**	17,295,814
– Non-trade	**214,357**	415,194
	9,746,471	33,482,913

All the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

(a) 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:

	2023 US$	2022 US$
Within 3 months	**3,182,607**	25,718,605
More than 3 months but within 1 year	**10,534**	4,893
More than 1 year but within 5 years	**3,716**	3,987
	3,196,857	25,727,485

(b) Other payables and accrued operating expenses

	2023 US$	2022 US$
Other tax payables	**56,979**	96,073
Commission and bonuses payable to dealers	**579,593**	320,511
Accrued expenses	**1,800,955**	1,550,355
Other payables	**1,227,728**	2,488,036
	3,665,255	4,454,975

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16 TRADE AND OTHER PAYABLES (Continued)

(c) Contract liabilities – billings in advance of performance

When the Group receives a deposit before the delivery of products in its sales activity, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the sales exceeds the amount of the deposit. The Group typically receives a 100% deposit on acceptance of domestic sales orders. The amount of revenue recognised during the year ended 31 December 2023 that was included in the contract liabilities at the beginning of the year is US$733,388 (2022: US$1,280,985).

(d) Provisions

	Warranties	**Severance pay**	**Total**
	US$	*US$*	*US$*
At 1 January 2022	528,732	1,026,154	1,554,886
Additional provisions made	744,655	87,170	831,825
Provision utilised	(128,376)	(70,121)	(198,497)
Exchange adjustments	(18,414)	(17,929)	(36,343)
At 31 December 2022	1,126,597	1,025,274	2,151,871
At 1 January 2023	1,126,597	1,025,274	2,151,871
Additional provisions made	431,036	23,799	454,835
Provision utilised	(119,701)	(65,921)	(185,622)
Exchange adjustments	(98,886)	(22,509)	(121,395)
At 31 December 2023	1,339,046	960,643	2,299,689

Pursuant to the labour regulations in Vietnam, employers are required to pay a severance allowance to each local employee, who joined the Company before 1 January 2009, which was calculated as half a month's salary for every completed year of service when the employee leaves the Group. In addition, pursuant to the policy of the Group, a severance allowance will be paid to each Taiwanese employee (calculated as one month's salary for every completed year of service) when the employee leaves the Group. For both severance allowances, the obligation vests and is payable regardless of the reasons for departure.

17 BANK LOANS

At 31 December 2023, the bank loans are interest-bearing at 4.0% to 6.3% (2022: 3.5% to 8.0%) per annum and to be settled within 1 to 6 months. The bank loans of the Group were secured by certain time deposits of the Group (see note 15(b)).

(Expressed in United States dollars unless otherwise indicated)

18 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the current and previous reporting periods:

	2023		2022	
	Present value of the minimum lease payments	**Total minimum lease payments**	Present value of the minimum lease payments	Total minimum lease payments
	US$	***US$***	*US$*	*US$*
Within 1 year	**54,085**	**208,674**	52,091	214,647
After 1 year but within 2 years	**57,763**	**208,674**	55,633	214,647
After 2 years but within 5 years	**197,944**	**626,023**	190,645	643,940
After 5 years	**1,963,572**	**3,460,136**	2,092,151	3,773,813
	2,219,279	**4,294,833**	2,338,429	4,632,400
	2,273,364	**4,503,507**	2,390,520	4,847,047
Less: total future interest expenses		**(2,230,143)**		(2,456,527)
Present value of lease liabilities		**2,273,364**		2,390,520

19 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2023	2022
	US$	*US$*
Provision for tax for the year	**196,619**	31,637
Provisional tax paid	**(31,667)**	(11,147)
	164,952	20,490
Balance of Profits Tax refundable relating to prior years	**–**	(1,791)
	164,952	18,699
Exchange adjustments	**2,060**	1,180
Tax payable	**167,012**	19,879

(Expressed in United States dollars unless otherwise indicated)

19 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(b) Deferred tax assets/(liabilities) recognised:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	Unrealised exchange differences
	US$
At 1 January 2022	93,203
Credit to profit or loss	(121,217)
Exchange adjustments	(5,593)
At 31 December 2022 and 1 January 2023	(33,607)
Charge to profit or loss	31,710
Exchange adjustments	462
At 31 December 2023	(1,435)

(c) Deferred tax assets not recognised:

In accordance with the accounting policy set out in note 2(p), the Group has not recognised deferred tax assets in respect of cumulative tax losses of US$16,361,455 (2022: US$34,204,871) of a subsidiary as at 31 December 2023, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses would expire within 5 years under current tax legislation.

20 CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company	Share capital	Share premium	Capital reserve	Accumulated losses	Total
	US$	US$	US$	US$	US$
Balance at 1 January 2022	1,162,872	112,198,709	1,962,666	(63,612,005)	51,712,242
Change in equity for 2022:					
Total comprehensive income for the year	–	–	–	(1,769,333)	(1,769,333)
Balance at 31 December 2022 and 1 January 2023	1,162,872	112,198,709	1,962,666	(65,381,338)	49,942,909
Change in equity for 2023:					
Total comprehensive income for the year	–	–	–	(1,393,340)	(1,393,340)
Balance at 31 December 2023	1,162,872	112,198,709	1,962,666	(66,774,678)	48,549,569

(Expressed in United States dollars unless otherwise indicated)

20 CAPITAL AND RESERVES (Continued)

(b) Share capital

	2023		2022	
	Number of shares	Amount US$	Number of shares	Amount US$
Ordinary shares of HK$0.01 each	**10,000,000,000**	**12,811,479**	10,000,000,000	12,811,479
Ordinary shares, issued and fully paid:				
At 1 January/31 December	**907,680,000**	**1,162,872**	907,680,000	1,162,872

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(c) Nature and purpose of reserves

(i) Share premium

Share premium represents the difference between the par value of the shares of the Company and proceeds received from the issuance of shares of the Company. Under the Companies Law of the Cayman Islands, the share premium account of the Company is distributable to the shareholders of the Company provided that immediately following the date on which a dividend is proposed to be distributed, the Company would be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Exchange reserve

The exchange reserves comprise all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy adopted for foreign currencies (see note 2(s)).

(d) Distributability of reserves

At 31 December 2023, the aggregate amount of reserves available for distribution to equity shareholders of the Company was US$47,386,697 (2022: US$48,780,037).

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group defines "capital" as including all components of equity less unaccrued proposed dividends.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements in either the current or prior year.

(Expressed in United States dollars unless otherwise indicated)

21 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group's business strategies, tolerance of risk and general risk management philosophy are determined by the management in accordance with prevailing economic and operating conditions.

The Group's financial assets comprise mainly cash and cash equivalents, trade and other receivables and deposits with banks. The Group's financial liabilities comprise bank loans and trade and other payables.

Exposure to credit, currency, interest rate and liquidity risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables from customers. The Group's exposure to credit risk arising from bank deposits and cash is limited because the counterparties are banks and financial institutions with high credit rating for which the Group considers to have low risk.

The Group's exposure to credit risk is low as the Group generally offers no credit terms to domestic customers, which accounted for approximately 20% (2022: 22%) of total revenue. Overseas customers are generally granted credit terms ranging from 60 days to 90 days.

At the end of the reporting period, 49% (2022: 35%) of the total trade receivables was due from the Group's largest debtor.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 60 to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

During the year ended 31 December 2023, the management identified the credit risk associated with certain trade debtors have increased significantly since initial recognition and performed reassessment on the ECLs of these trade debtors. As a result, a loss allowance of US$528,000 has been provided for the receivables from these trade debtors. Other than that, the Group measures loss allowance on financial assets based on the past loss experience, existing market conditions, as well as forward looking information at the end of each reporting period. Having considered those factors, the Group considered that there is no significant loss allowance recognised in accordance with IFRS 9 as at 31 December 2023 and 2022, and no expected credit loss rate has therefore been disclosed.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2023	2022
	US$	*US$*
At 1 January	**121,923**	–
Impairment loss *(note 6(c))*	**539,836**	123,393
Exchange adjustments	**(44,553)**	(1,470)
	617,206	121,923

21 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency i.e. a currency other than the functional currency of the operations to which the transactions relate. In addition, the Group's deposits with banks and bank loans denominated in a currency other than the functional currency of the entity to which they relate also give rise to currency risk. The currency giving rise to significant currency risk is primarily US$.

The Group ensures that the net exposure to this risk is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in United States dollars, translated using the spot rate at the end of the reporting period. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

2023	**Exposure to foreign currencies (expressed in US$)** ***US$***
Trade and other receivables	**10,155,251**
Time deposits maturing after three months	**–**
Cash and cash equivalents	**4,074,368**
Trade and other payables	**(2,300,099)**
Bank loans	**(32,459,368)**
Net exposure arising from recognised assets and liabilities	**(20,529,848)**

2022	Exposure to foreign currencies (expressed in US$) *US$*
Trade and other receivables	17,680,423
Time deposits maturing after three months	325,574
Cash and cash equivalents	5,853,200
Trade and other payables	(20,852,676)
Bank loans	(39,650,761)
Net exposure arising from recognised assets and liabilities	(36,644,240)

(Expressed in United States dollars unless otherwise indicated)

21 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Currency risk (Continued)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit/(loss) after tax and accumulated losses that would arise if foreign exchange rate to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2023			2022		
	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) loss after tax US$	Increase/ (decrease) accumulated losses US$	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) loss after tax US$	Increase/ (decrease) accumulated losses US$
US$	5%	(845,293)	845,293	5%	1,507,463	1,507,463
	(5)%	845,293	(845,293)	(5)%	(1,507,463)	(1,507,463)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit/(loss) after tax and equity measured in the respective functional currencies, translated into US$ at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2022.

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank deposits and bank borrowings. All the bank borrowings are on fixed rate basis. The Group did not materially expose to interest rates fluctuation.

(Expressed in United States dollars unless otherwise indicated)

21 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The individual subsidiaries within the Group are responsible for their own cash management, including raising loans to cover the expected cash demands, subject to approval by the Company's board of directors. The Group's policy is to regularly monitor its liquidity requirements to ensure that the Group maintains sufficient reserves of cash and adequate committed lines of funding from banks to meet its liquidity requirements in the short and longer term. The contractual maturities of financial liabilities are disclosed in notes 16, 17 and 18.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on the contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	Contractual undiscounted cash outflow					
2023	**Within 1 year or on demand** *US$*	**1 to 2 years** *US$*	**2 to 5 years** *US$*	**More than 5 years** *US$*	**Total** *US$*	**Carrying amount at 31 December** *US$*
Trade and other payables excluding contract liabilities	**9,376,158**	**–**	**–**	**–**	**9,376,158**	**9,376,158**
Bank loans	**43,435,100**	**–**	**–**	**–**	**43,435,100**	**42,779,390**
Lease liabilities	**208,674**	**208,674**	**626,023**	**3,460,136**	**4,503,507**	**2,274,364**
	53,019,932	**208,674**	**626,023**	**3,460,136**	**57,314,765**	**54,429,912**

	Contractual undiscounted cash outflow					
2022	Within 1 year or on demand *US$*	1 to 2 years *US$*	2 to 5 years *US$*	More than 5 years *US$*	Total *US$*	Carrying amount at 31 December *US$*
Trade and other payables excluding contract liabilities	32,749,525	–	–	–	32,749,525	32,749,525
Bank loans	40,858,703	–	–	–	40,858,703	40,210,386
Lease liabilities	214,647	214,647	643,940	3,773,813	4,847,047	2,390,520
	73,822,875	214,647	643,940	3,773,813	78,455,275	75,350,431

(e) Business risk

The Group has certain concentration risk of raw materials and finished goods sourcing from related parties. The Group's total purchases of raw materials and finished goods from the related parties amounted to US$29,364,758 (2022: US$47,746,295) which accounted for approximately 37% (2022: 46%) of the Group's total purchases for the year ended 31 December 2023.

In the opinion of the directors, the Group has taken appropriate quality control measures to mitigate the effect from any claims caused by products, which may affect adversely its financial results and has made sufficient provision for warranty claims.

(f) Fair value measurement

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2023 and 2022.

(Expressed in United States dollars unless otherwise indicated)

22 MATERIAL RELATED PARTY TRANSACTIONS

During the year ended 31 December 2023, transactions with the following parties are considered as material related party transactions:

Name of party	**Relationship**
Sanyang Motor Co., Ltd. ("Sanyang")	The ultimate holding company
Sanyang Global Co., Ltd.	A subsidiary of Sanyang
Xiamen Xiashing Motorcycle Co., Ltd.	A subsidiary of Sanyang
Sanyang Motor Colombia S.A.S	A subsidiary of Sanyang
Vietnam Three Brothers Machinery Industry Co., Limited	The associate of the Company and a non-wholly owned subsidiary of Sanyang

(a) Recurring transactions

	2023 **US$**	2022 *US$*
Sales of finished goods and spare parts: *Note (i)*		
Sanyang Motor Co., Ltd.	**135,842**	103,791
Xiamen Xiashing Motorcycle Co., Ltd.	**–**	34,641
Sanyang Motor Colombia S.A.S	**82,800**	99,163
	218,642	237,595
Purchases of raw materials and finished goods: *Note (ii)*		
Sanyang Motor Co., Ltd.	**3,608,371**	4,512,580
Sanyang Global Co., Ltd.	**19,093,144**	8,309,767
Xiamen Xiashing Motorcycle Co., Ltd.	**1,895,354**	28,356,722
Vietnam Three Brothers Machinery Industry Co., Limited	**4,767,889**	6,567,226
	29,364,758	47,746,295
Purchases of other property, plant and equipment: *Note (iii)*		
Sanyang Motor Co., Ltd.	**657**	25,907
Vietnam Three Brothers Machinery Industry Co., Limited	**103,665**	–
Xiamen Xiashing Motorcycle Co., Ltd.	**14,815**	–
	119,137	25,907
Technology transfer fees: *Note (iv)*		
Sanyang Motor Co., Ltd.	**806,317**	774,399
Advertising subsidies: *Note (v)*		
Sanyang Motor Co., Ltd.	**564,125**	–

(Expressed in United States dollars unless otherwise indicated)

22 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(a) Recurring transactions (Continued)

Notes:

(i) Sales of finished goods and spare parts are carried out based on mutually agreed terms with reference to comparable market prices, where applicable, and in the ordinary course of business.

(ii) Purchases of raw materials and finished goods are carried out based on mutually agreed terms with reference to comparable market prices, where applicable, and in the ordinary course of business.

(iii) Purchases of other property, plant and equipment were carried out based on mutually agreed terms with reference to comparable market prices, where applicable, and in the ordinary course of business.

(iv) Pursuant to certain technology transfer agreements entered into between Sanyang, the Company and VMEP ("Technology License Agreements"), Sanyang has granted an exclusive license to VMEP to use the technology, know-how, trade secrets and production information owned by Sanyang in connection with the Group's manufacturing and sale of "SYM" brand motorbikes and related parts in all of the member countries of the Association of South East Asians Nations, including Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. The license fee as provided for in the Technology License Agreement is 4% of the annual net selling price of products manufactured using such technology. Starting from 1 January 2017, technology transfer fees are only payable for motorbikes and related products within 3 years from the date of commencement of mass production.

(v) Advertising subsidies were received from Sanyang to support the local marketing and advertising activities for "SYM" brand.

(b) Amounts due from related parties

	2023	2022
	US$	*US$*
Trade		
Sanyang Motor Co., Ltd.	**8,927**	7,759
Sanyang Global Co., Ltd.	**–**	290
Xiamen Xiashing Motorcycle Co., Ltd.	**–**	10,804
Sanyang Motor Colombia S.A.S	**84,824**	48,026
Subtotal	**93,751**	66,879
Non-trade		
Sanyang Motor Co., Ltd.	**4**	347
Sanyang Global Co., Ltd.	**109**	–
Xia Shing Xiamen Motorcycle Co., Ltd.	**5,865**	–
	5,978	347
Total	**99,729**	67,226

Trade balances due from related parties are unsecured, interest-free and are expected to be recovered within 60 days.

The non-trade balances due from related parties are expected to be recovered within one year.

(Expressed in United States dollars unless otherwise indicated)

22 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Amounts due to related parties

	2023 US$	2022 US$
Trade		
Sanyang Motor Co., Ltd.	461,134	1,174,967
Sanyang Global Co., Ltd.	117,234	6,958,121
Xiamen Xiashing Motorcycle Co., Ltd.	348,840	8,531,973
Vietnam Three Brothers Machinery Industry Co., Limited	168,021	630,753
Subtotal	1,095,229	17,295,814
Non-trade		
Sanyang Motor Co., Ltd.	214,357	415,194
Total	1,309,586	17,711,008

Trade payables due to related parties are all unsecured, interest-free and are expected to be settled within 60 days.

The non-trade balances due to related parties are expected to be settled within one year.

(d) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, is as follows:

	2023 US$	2022 US$
Short-term employee benefits	681,494	751,105

(e) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of note 22(a) above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section "Continuing Connected Transactions" of the Directors' Report.

(Expressed in United States dollars unless otherwise indicated)

23 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	2023 US$	2022 US$
Non-current asset		
Investments in subsidiaries	**47,732,022**	47,732,022
Current assets		
Other receivables and prepayments	**1,000,721**	2,119,054
Cash and cash equivalents	**498,475**	691,476
	1,499,196	2,810,530
Current liabilities		
Other payables	**539,391**	433,586
Provisions	**142,258**	166,057
	681,649	599,643
Net current assets	**817,547**	2,210,887
NET ASSETS	**48,549,569**	49,942,909
Capital and reserves		
Share capital	**1,162,872**	1,162,872
Reserves	**47,386,697**	48,780,037
TOTAL EQUITY	**48,549,569**	49,942,909

Approved and authorised for issue by the Board of Directors on 13 March 2024.

Wu, Jui-Chiao
Director

Lin, Chun-Yu
Director

(Expressed in United States dollars unless otherwise indicated)

24 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2023, the directors consider the immediate parent and ultimate controlling party of the Company to be SY International Ltd. and Sanyang Motor Co., Ltd., respectively. Sanyang Motor Co., Ltd. is incorporated in Taiwan and produces financial statements available for public use.

25 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2023

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2023 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current ("2020 amendments")*	1 January 2024
Amendments to IAS 1, *Presentation of financial statements: Non-current liabilities with covenants ("2022 amendments")*	1 January 2024
Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*	1 January 2024
Amendments to IAS 7, *Statement of cash flows* and IFRS 7, *Financial Instruments: Disclosures: Supplier finance arrangements*	1 January 2024
Amendments to IAS 21, *The effects of changes in foreign exchange rates: Lack of exchangeability*	1 January 2025

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

(Expressed in United States dollars unless otherwise indicated)

26 LIST OF PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries of the Company as at 31 December 2023 are set out below. The class of shares held is ordinary unless otherwise stated.

Name of company	Place and date of incorporation, establishment and operation	Particulars of issued and fully paid share capital/ registered capital	Proportion of ownership interest Held by the Company %	Proportion of ownership interest Held by a subsidiary %	Principal activities
Vietnam Manufacturing and Export Processing Co., Ltd.	Vietnam 25 March 1992	US$147,060,000/ US$147,060,000	100	–	Manufacturing and sale of motorbikes and related spare parts
Chin Zong Trading Co., Ltd.	Taiwan 6 July 2007	NT$85,000,000/ NT$300,000,000	100	–	Sale of motor vehicles and motorbikes and related spare parts
Vietnam Casting Forge Precision Ltd.	Vietnam 12 April 2002	US$4,500,000/ US$4,500,000	–	100	Manufacturing of spare parts for motorbikes and motor vehicles
Dinh Duong Joint Stock Company	Vietnam 28 September 2018	US$7,269,361/ US$7,269,361	–	99.9	Real estate development