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## **VIETNAM MANUFACTURING AND EXPORT PROCESSING (HOLDINGS) LIMITED**

**越南製造加工出口(控股)有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 422)**

### **CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the Prospectus and the Announcement in respect of the Continuing Connected Transactions.

As the agreements giving rise to the Continuing Connected Transactions (except for the Technology Licence Agreement) will expire on 31 December 2009, the Company had, on 9 November 2009, entered into renewal agreements (each with a term of three years ending on 31 December 2012) (except for the Technology Licence Agreement) giving rise to the Continuing Connected Transactions and propose to renew the annual caps for the Continuing Connected Transactions for the three years ending 31 December 2012.

The Continuing Connected Transactions will be conducted between members of the Group and members of Sanyang Group. As at the date of this announcement, Sanyang, through its wholly owned subsidiary, SYI, held approximately 72.39% of the issued share capital of the Company and thus, is an indirect substantial Shareholder and hence, is the controlling Shareholder and a connected person of the Company. The relevant members of Sanyang Group are all associates of Sanyang Group and are therefore connected person(s) of the Company under the Listing Rules, hence, the Continuing Connected Transactions constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the proposed annual caps of Group 1 Transactions for each of the three years ending 31 December 2012 exceed 2.5%, Group 1 Transactions are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the proposed annual caps of Group 2 Transaction for each of the three years ending 31 December 2012 are more than 0.1% but less than 2.5%, Group 2 Transactions are exempt from the Independent Shareholders' approval requirement but subject to the reporting and announcement requirements under Rule 14A.45 to 14A.47 of the Listing Rules.

An Independent Board Committee has been formed to advise the Independent Shareholders on Group 1 Transactions.

A circular containing, among other information, (1) further information on Group 1 Transactions; (2) the proposed annual caps in respect of Group 1 Transactions for the three years ending 31 December 2012; (3) a letter from the independent financial adviser containing its advice on Group 1

Transactions; (4) recommendations of the Independent Board Committee to the Independent Shareholders; and (5) a notice to convene the EGM to approve Group 1 Transactions, their respective agreements and their proposed annual caps, will be despatched to the Shareholders as soon as practicable.

## **BACKGROUND**

Reference is made to the Prospectus and the Announcement in respect of the Continuing Connected Transactions.

As the agreements giving rise to the Continuing Connected Transactions (except for the Technology Licence Agreement) will expire on 31 December 2009, the Company had, on 9 November 2009, entered into renewal agreements (each with a term of three years ending on 31 December 2012) (except for the Technology Licence Agreement) giving rise to the Continuing Connected Transactions and propose to renew the annual caps for the Continuing Connected Transactions for the three years ending 31 December 2012.

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

Sanyang Group is principally engaged in the manufacture of (i) motorbikes and related parts and (ii) motor cars, trucks and related parts. As at the date of this announcement, Sanyang, through its wholly-owned subsidiary, SYI, held approximately 72.39% of the issued share capital of the Company and thus, is an indirect substantial shareholder of the Company and hence, a connected person of the Company.

## **PRINCIPAL TERMS OF THE CONTINUING CONNECTED TRANSACTIONS**

### **(1) GROUP 1 TRANSACTIONS – Non-exempt continuing connected transactions**

#### **(A) Sanyang Purchase Transaction**

Date: 9 November 2009

Parties: (a) the Group as the purchaser; and

(b) Sanyang as the seller

Term: 1 January 2010 to 31 December 2012

Under the VMEPH Purchase Agreement, the Group purchases certain motorbike parts such as carburetors, pulleys and brake units from Sanyang which are either manufactured by Sanyang Group or sourced by it from Independent Third Parties. The pricing of purchases of motorbike parts is at a cost plus basis. Sanyang charges the Group at the manufacturing cost or purchase cost (as the case may be) plus a margin in the range of 10% to 15%. The Group is required to pay for all purchases made under the VMEPH Purchase Agreement in cash within 30 days after the date of delivery.

#### **(B) Sanyang Distribution Transaction**

Date: 9 November 2009

Parties: (a) the Group as the distributor; and

(b) Sanyang Group as the supplier

Term: 1 January 2010 to 31 December 2012

Under the VMEPH Distributorship Agreement, the Group is the exclusive distributor of motorbikes and related parts manufactured by Sanyang Group in the Exclusive Territory (except in the case of

Vietnam, the Company will only be entitled to re-sell such motorbikes to customers in Vietnam solely for use in exhibitions). The Group only purchases products from Sanyang Group when confirmed customer orders are received and restricted to those models of motorbikes which are not produced by the Group. Sanyang Group sells such products at a price that is at least 3.5% lower than the indicative purchase price for such products offered by the Independent Third Party customer to whom the Group proposes to re-sell such products. Such pricing basis ensures that the Group will have the benefit of a margin of at least 3.5% as a minimum guaranteed profit on each product manufactured by Sanyang Group which it re-sell to end-customers in the Exclusive Territory. The Group is required to pay for all purchases made under the VMEPH Distributorship Agreement in cash within 30 days after the date of delivery.

### **(C) Sanyang Global Purchase Transaction**

Date: 9 November 2009

Parties: (a) the Group as the purchaser; and

(b) Sanyang Global as the seller

Term: 1 January 2010 to 31 December 2012

Under the VMEPH Sanyang Global Purchase Agreement, the Group purchases certain motorbike parts such as crank case components, pistons and cylinders from Sanyang Global which are sourced by it from Independent Third Parties in the PRC. The pricing of purchases of motorbike parts under such agreement is determined by reference to market prices. The Group is required to pay for all purchases made under the VMEPH Sanyang Global Purchase Agreement in cash within 30 days after the date of delivery.

### **(D) Technology Licence Transaction**

Date: 26 November 2007

Parties: (a) VMEP as the licensee; and

(b) Sanyang as the licensor

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

### **(E) VTBM Purchase Transaction**

Date: 9 November 2009

Parties: (a) the Group as the purchaser; and

(b) VTBM as the seller

Term: 1 January 2010 to 31 December 2012

Under the VMEPH VTBM Purchase Agreement, the Group purchases motorbike parts such as fuel tanks, frames and rear shafts manufactured in Vietnam from VTBM. The pricing at which motorbike parts are sold by VTBM to the Group is determined by reference to market prices. The Group is required to pay for all purchases under the VMEPH VTBM Purchase Agreement in cash within 60

days after the date of delivery.

**(2) GROUP 2 TRANSACTIONS – exempted from Independent Shareholders’ approval requirement**

**(A) Production Machinery, Moulds and Equipment Purchase Transaction**

Date: 9 November 2009

Parties: (a) the Group as the purchaser; and  
(b) Sanyang as the seller

Term: 1 January 2010 to 31 December 2012

Under the Production Machinery, Moulds and Equipment Purchase Agreement, the Group purchases certain new production machinery, moulds and equipment for the production of motorbikes and related parts from Sanyang which are either manufactured by Sanyang Group or sourced by it from Independent Third Parties. The pricing of purchases of production machinery, moulds and equipment under such agreement is determined by reference to market prices. The Group is required to pay for all purchases made under the VMEPH Purchase Agreement in cash within 60 days after the date of delivery.

**(B) Sanyang Parts Sales Transaction**

Date: 9 November 2009

Parties: (a) Sanyang Group as the purchaser; and  
(b) the Group as the seller

Term: 1 January 2010 to 31 December 2012

Under the VMEPH Parts Sales Agreement, the Group sells to Sanyang Group motorbike parts such as connecting rods, side and body covers, panels and battery lids. The pricing at which motorbike parts are to be sold by the Group to Sanyang Group under such agreement is determined by reference to market prices. Sanyang Group is required to pay for all purchases under the VMEPH Parts Sales Agreement in cash within 30 days after the date of delivery.

**(C) Sanyang Research Development Transaction**

Date: 9 November 2009

Parties: (a) the Group as the purchaser; and  
(b) Sanyang as the seller

Term: 1 January 2010 to 31 December 2012

Under the Research and Development and Technical Support Services Agreement, Sanyang Group provide research and development and technical support services to the Group. Sanyang charges the Group at a fixed rate of US\$250 per staff per working day spent on the provision of such support services. The Group is required to pay for all research and development and technical support services made under the Research and Development and Technical Support Services Agreement in cash within 30 days after the date of service.

**REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS**

The Company believes it is in its best interests to carry out the Continuing Connected Transactions.

The reasons for entering into the Continuing Connected Transactions are set out below:

## **(1) GROUP 1 TRANSACTIONS**

### **(A) Sanyang Purchase Transaction**

Due to the rapid growth in the economy of Vietnam and the Group's business in the Exclusive Territory, an increasing number and types of motorbike parts manufactured by Sanyang Group or sourced by it from Independent Third Parties are used for the manufacture of motorbikes by the Group. The Group purchases motorbike parts from Sanyang and not directly from Independent Third Parties because they are also required by Sanyang for production and because, by combining its demand with those of the Group's, Sanyang is able to negotiate better terms with those suppliers which in turn benefits the Group. As these motorbike parts are all currently sourced from suppliers outside Vietnam because they are either unavailable or not of acceptable quality or pricing in Vietnam, Sanyang also provides quality testing, packaging, customs clearance and logistics services on the motorbike parts sold to the Group at a lower cost than if the Group had to request such services to be provided by Independent Third Parties outside Vietnam.

### **(B) Sanyang Distribution Transaction**

The Group can retain as many of the customers in the Exclusive Territory to whom Sanyang Group had been selling its products previously and to utilise the existing customer base of Sanyang Group as a gateway for expanding its own customer base within the Exclusive Territory and developing sales of the Group's products to replace those of Sanyang Group.

### **(C) Sanyang Global Purchase Transaction**

The Group can secure a cost effective and stable source of supply of motorbike parts in the PRC, as motorbike parts are supplied at a lower cost than in other countries apart from the PRC due to lower labour costs and production costs in the PRC. The Group purchases motorbike parts in the PRC from Sanyang Global which can assist the Group in conducting surveys on Independent Third Party suppliers of motorbike parts which are based in the PRC and sourcing motorbike parts from Independent Third Party suppliers which meet the standards of the Group. As the demands for motorbike parts manufactured in the PRC of Sanyang Group and the Group are combined and handled by Sanyang Global, Sanyang Global is able to negotiate better terms with those suppliers, which in turn benefits the Group.

### **(D) Technology Licence Transaction**

Sanyang owns the proprietary right to the technology, know-how, trade secrets and production information in connection with the manufacture and sale of "SYM" brand motorbikes and related parts. As the sales of "SYM" brand products contribute to a significant percentage of the Group's turnover, the Directors consider the continued use of such technology and related IP rights which enable the Group to continue manufacturing and selling "SYM" brand motorbikes and related parts is essential to the Group's operations and continued growth.

### **(E) VTBM Purchase Transaction**

The Company believes it is in the best interests of the Group to secure a cost effective and stable source of supply of motorbike parts in Vietnam required for its operations.

## **(2) GROUP 2 TRANSACTIONS**

### **(A) Production Machinery, Moulds and Equipment Purchase Transaction**

The Group can secure a stable supply of high quality production machinery, moulds and equipment which are either manufactured by Sanyang Group in Taiwan and/or the PRC or purchased by Sanyang Group from Independent Third Parties. Such production machinery, moulds and equipment are of a higher quality than as compared with those manufactured by local manufacturers in Vietnam.

## **(B) Sanyang Parts Sales Transaction**

The Company believes it is in its best interests to generate an additional source of income, increase the utilisation rate and hence economies of scale of the Group's production facilities by carrying out sales of motorbike parts to Sanyang Group in response to their needs from time to time, provided that Sanyang Group purchases from the Group at prices comparable to market prices and/or the terms of such purchases are considered to be fair and reasonable to the Company.

## **(C) Sanyang Research and Development Transaction**

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

## **HISTORICAL VALUES AND ANNUAL CAPS**

The table below sets out (1) the respective original/revised (as the case may be) annual caps of each of the Continuing Connected Transactions for the three years ending 31 December 2009 under the Waivers.

<b>(in US\$)</b>	<b>Original Annual cap for the year ended 31 December 2007</b>	<b>Original/Revised Annual cap for the year ended 31 December 2008</b>	<b>Original/Revised annual cap for the year ending 31 December 2009</b>
<b>(1) Group 1 Transactions</b>			
(A) Sanyang Purchase Transaction	32,200,000	35,000,000	39,000,000
(B) Sanyang Distribution Transaction	7,700,000	7,700,000	7,700,000
(C) Sanyang Global Purchase Transaction	-	7,800,000	10,100,000
(D) Technology Licence Transaction	6,000,000	7,800,000	10,200,000
(E) VTBM Purchase Transaction	4,400,000	6,200,000	7,500,000
<b>(2) Group 2 Transactions</b>			
(A) Production Machinery, Moulds and Equipment Purchase Transaction	-	2,900,000	2,900,000
(B) Sanyang Parts Sales Transaction	2,970,000	3,130,000	3,130,000
(C) Sanyang Research Development Transaction	200,000	450,000	450,000

According to the audited consolidated financial statements of the Group for the two financial years ended 31 December 2007 and 2008, and the unaudited consolidated accounts of the Group for the nine months ended 30 September 2009, the table below sets out the relevant historical transaction amounts :-

<b>(in US\$)</b>	<b>Transaction amount for the year ended 31 December 2007</b>	<b>Transaction amount for the year ended 31 December 2008</b>	<b>Transaction amount for 9 months ended 30 September 2009</b>
<b>(1) Group 1 Transactions</b>			
(A) Sanyang Purchase Transaction	29,296,649	15,458,469	6,312,244
(B) Sanyang Distribution	244,113	6,072,390	3,644,350

Transaction			
(C) Sanyang Global Purchase Transaction	-	2,057,130	2,933,246
(D) Technology Licence Transaction	5,985,566	5,157,019	4,204,993
(E) VTBM Purchase Transaction	4,370,093	3,908,724	2,867,876

**(2) Group 2 Transactions**

(A) Production Machinery, Moulds and Equipment Purchase Transaction	-	2,614,375	1,586,940
(B) Sanyang Parts Sales Transaction	2,473,527	1,492,990	831,700
(C) Sanyang Research Development Transaction	-	450,000	404,384

The actual amount of the Continuing Connected Transactions carried out in the years ended 31 December 2007 and 2008 did not exceed the relevant annual caps. The actual transaction amount of the Continuing Connected Transactions carried out during the nine-month period from 1 January 2009 up to 30 September 2009 has not exceeded the annual caps for each of those transactions for the year ending 31 December 2009.

**PROPOSED ANNUAL CAPS**

The Board has considered and resolved that the Proposed Annual Caps for the Continuing Connected Transactions for the three years ending 31 December 2010, 2011 and 2012 be set as follows:

(in US\$)	Proposed Annual Caps for		
	the year ending 31 December 2010	the year ending 31 December 2011	the year ending 31 December 2012
<b>(1) Group 1 Transactions</b>			
(A) Sanyang Purchase Transaction	8,900,000	10,000,000	11,000,000
(B) Sanyang Distribution Transaction	7,700,000	7,700,000	7,700,000
(C) Sanyang Global Purchase Transaction	4,500,000	5,100,000	5,916,000
(D) Technology Licence Transaction	9,500,000	11,000,000	13,000,000
(E) VTBM Purchase Transaction	4,300,000	4,900,000	5,700,000
<b>(2) Group 2 Transactions</b>			
(A) Production Machinery, Moulds and Equipment Purchase Transaction	3,900,000	3,300,000	3,300,000
(B) Sanyang Parts Sales Transaction	3,130,000	3,130,000	3,130,000
(C) Sanyang Research Development Transaction	1,000,000	1,000,000	1,000,000

The Proposed Annual Caps amounts have been determined with reference to projections of the Company which in turn were prepared by the Company mainly with reference to the following factors:

- historical growth rates of the turnover of the Group and the transaction amount of the subject transactions;
- historical percentages of the relevant values of the subject transactions to the turnover of the Group;

- internal target turnover of the Group;
- the recent level of the subject transactions in July, August and September 2009; and/or
- indications received from the relevant members of Sanyang Group.

## **DIRECTORS' VIEWS**

The Directors (excluding the independent non-executive Directors (whose views will be made known after taking the advice from the Independent Financial Advisor) consider that (i) Group 1 Transactions have been carried out and will continue to be carried out in the ordinary and usual course of business of the Group and on normal commercial terms and that the terms of such transactions (as summarised above) are fair and reasonable and in the interests of the Shareholders as a whole.

The views of the independent non-executive Directors on Group 1 Transactions will be stated in the circular to be dispatched to the Shareholders in due course.

The Directors (including the independent non-executive Directors) considers that (i) Group 2 Transactions have been carried out and will continue to be carried out in the ordinary and usual course of business of the Group and are on normal commercial terms and that the terms of such transactions (as summarised above) are fair and reasonable and in the interests of the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Sanyang Group is principally engaged in the manufacture of (i) motorbikes and related parts and (ii) motor cars, trucks and related parts. Sanyang, through its wholly-owned subsidiary, SYI, held approximately 72.39% of the issued share capital of the Company and thus, is an indirect substantial shareholder of the Company and hence, a connected person of the Company.

As one or more of the applicable percentage ratios in respect of the proposed annual cap of Group 1 Transaction for each of the three years ending 31 December 2012 respectively, exceed 2.5%, Group 1 Transactions are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Hence, the terms of Group 1 Transactions, their respective agreements together with their proposed annual caps are conditional on approval by the Independent Shareholders being obtained at the EGM of the Company and compliance by the Company with all the applicable requirements under the Listing Rules.

As one or more of the applicable percentage ratios in respect of the proposed annual caps of Group 2 Transaction for each of the three years ending 31 December 2012 are more than 0.1% but less than 2.5%, Group 2 Transaction are exempt from the Independent Shareholders' approval requirement but subject to the reporting and announcement requirements under Rule 14A.45 to 14A.47 of the Listing Rules.

## **INFORMATION ON THE PARTIES TO THE CONTINUING CONNECTED TRANSACTIONS**

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

Sanyang Group is principally engaged in the manufacture of (i) motorbikes and related parts and (ii) motor cars, trucks and related parts. As at the date of this announcement, Sanyang, through its wholly-owned subsidiary, SYI, held approximately 72.39% of the issued share capital of the Company and thus, is an indirect substantial shareholder of the Company and hence, a connected person of the Company.



## GENERAL INFORMATION

A circular containing, among other information, (1) further information on Group 1 Transactions; (2) the proposed annual caps in respect of Group 1 Transactions for the three years ending 31 December 2012; (3) a letter from the independent financial adviser containing its advice on Group 1 Transactions; (4) recommendations of the Independent Board Committee to the Independent Shareholders; and (5) a notice to convene the EGM to approve Group 1 Transactions, their respective agreements and their proposed annual caps, will be despatched to the Shareholders as soon as practicable.

As at the date of this announcement, Sanyang, through its wholly-owned subsidiary, SYI, held approximately 72.39% of the issued share capital of the Company and thus, is an indirect controlling shareholder of the Company. It controls or is entitled to control over the voting right in respect of its shares in the Company. Therefore, Sanyang and its associates will abstain from voting on the resolutions in relation to Group 1 Transactions and their annual caps to be proposed at the EGM.

## DEFINITIONS

“Announcement”	the announcement of the Company dated 24 April 2008 in relation to, among others, the adjustment of the annual caps of Sanyang Purchase Transaction, VTBM Purchase Transaction, Technology Licence Transaction and Sanyang Parts Sales Transaction and the proposed annual caps of Sanyang Global Purchase Transaction and Production Machinery, Moulds and Equipment Purchase Transaction
“associate”	has the meaning given to it under the Listing Rules
“Board”	the board of Directors
“Company” or “VMEPH”	Vietnam Manufacturing And Export Processing (Holdings) Limited, a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Continuing Connected Transaction Agreements”	the Production Machinery, Moulds and Equipment Purchase Production Agreement, Research and Development and Technical Support Services Agreement, Technology Licence Agreement, VMEPH Distributorship Agreement, VMEPH Parts Sales Agreement, VMEPH Purchase Agreement, VMEPH Sanyang Global Purchase Agreement and VMEPH VTBM Purchase Agreement (save and except for Technology Licence Agreement)
“Continuing Connected Transactions”	Group 1 Transactions and Group 2 Transactions
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held to approve, among other things, the Proposed Annual Caps
“Exclusive Territory”	all of the member countries of the Association of South East Asian Nations, including Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam
“Group”	the Company and its subsidiaries
“Group 1 Transactions”	the Sanyang Purchase Transaction, the Sanyang Distribution

	Transaction, the Sanyang Global Purchase Transaction, the Technology Licence Transaction, and the VTBM Purchase Transaction, which are subject to the approval of the Independent Shareholders
“Group 2 Transactions”	the Sanyang Parts Sales Transaction, the Production Machinery, Moulds and Equipment Purchase Transaction and the Sanyang Research Development Transaction and, which are exempt from the approval of the Independent Shareholders
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors
“Independent Shareholders”	Shareholders, except Sanyang and its associates, who are not required to abstain from voting on the resolution to be proposed at the EGM under the Listing Rules
“Independent Third Parties”	persons or entities who/which are not connected persons within the meaning of the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China and for the purpose of this announcement, excludes Taiwan, the Macau Special Administrative Region and Hong Kong
“Production Machinery, Moulds and Equipment Purchase Agreement”	the agreement dated 9 November 2009 and entered into between the Company and Sanyang in relation to the Production Machinery, Moulds and Equipment Purchase Transaction, for a consecutive term of three years ending on 31 December 2012
“Production Machinery, Moulds and Equipment Purchase Transaction”	purchases of certain production machinery, moulds and equipment by the Group from Sanyang Group pursuant to the Production Machinery, Moulds and Equipment Purchase Agreement for the manufacture of motorbikes and related parts (continuing connected transaction in the announcement dated 24 April 2008)
“Proposed Annual Caps”	collectively refer to the annual caps for Group 1 Transactions and Group 2 Transactions for the three years ending 31 December 2012
“Prospectus”	the prospectus of the Company dated 6 December 2007
“Research and Development and Technical Support Services Agreement”	the agreement dated 9 November 2009 and entered into between the Company and Sanyang in relation to the Sanyang Research and Development Transaction for a consecutive term of three years ending on 31 December 2012
“Sanyang”	三陽工業股份有限公司(Sanyang Industry Co., Limited), a company incorporated in Taiwan and listed on the Taiwan Stock Exchange Corporation (and the ultimate controlling shareholder of the Company)
“Sanyang Distribution Transaction”	exclusive distribution by the Group of motorbikes and related

	parts manufactured by Sanyang Group in the Exclusive Territory (excluding Vietnam, unless the motorbikes are re-sold in Vietnam for exhibition purposes) (continuing connected transaction category 4 in the Prospectus)
“Sanyang Global”	Sanyang Global Co., Ltd., a wholly-foreign owned entity incorporated in the PRC on 11 December 2007 and an indirect wholly-owned subsidiary of Sanyang
“Sanyang Global Purchase Transaction”	purchase of motorbike parts by the Group from Sanyang Global (continuing connected transaction in the announcement dated 24 April 2008)
“Sanyang Group”	Sanyang, its subsidiaries and/or associates (as the case may be) other than the Group
“Sanyang Parts Sales Transaction”	sales of motorbike parts by the Group to Sanyang Group (continuing connected transaction category 2 in the Prospectus)
“Sanyang Purchase Transaction”	purchases of motorbike parts by the Group from Sanyang (continuing connected transaction category 1A in the Prospectus)
“Sanyang Research and Development Transaction”	provide research and development and technical support services by Sanyang Group to the Group (continuing connected transaction category 3C in the Prospectus)
“Shares”	ordinary shares in the share capital of the Company with a nominal value of HK\$0.01 each
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning given that term under section 2(4) of the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“SYI”	SY International Ltd., a company incorporated in Samoa with limited liability and a direct controlling shareholder of the Company
“Technology Licence Agreement”	the agreement dated 26 November 2007 and entered into between VMEP and Sanyang in relation to the Technology Licence Transaction
“Technology Licence Transaction”	the license of technology, know-how, trade secrets and production information in connection with the manufacture and sale of “SYM” brand motorbikes and related parts in the Exclusive Territory pursuant to the Technology Licence Agreement (continuing connected transaction category 3A in the Prospectus)
“US\$” or “US dollar”	United States dollars, the lawful currency of the United States of America
“VMEP”	Vietnam Manufacturing and Export Processing Co., Limited, a wholly-owned subsidiary of the Company
“VMEPH Distributorship Agreement”	the agreement dated 9 November 2009 and entered into

	between the Company and Sanyang in relation to the Sanyang Distribution Transaction for a consecutive term of three years ending on 31 December 2012
“VMEPH Parts Sales Agreement”	the agreement dated 9 November 2009 and entered into between the Company and Sanyang in relation to the Sanyang Parts Sales Transaction for a consecutive term of three years ending on 31 December 2012
“VMEPH Purchase Agreement”	the agreement dated 9 November 2009 and entered into between the Company and Sanyang in relation to the Sanyang Purchase Transaction for a consecutive term of three years ending on 31 December 2012
“VMEPH Sanyang Global Purchase Agreement”	the agreement dated 9 November 2009 and entered into between the Company and Sanyang Global in relation to the Sanyang Global Purchase Transaction for a consecutive term of three years ending on 31 December 2012
“VMEPH VTBM Purchase Agreement”	the agreement dated 9 November 2009 and entered into between the Company and VTBM in relation to the VTBM Purchase Transaction for a consecutive term of three years ending on 31 December 2012
“VTBM”	Vietnam Three Brothers Machinery Industry Co., Limited, a wholly foreign-invested enterprise incorporated in Vietnam on 5 September 2002 and an indirect non wholly-owned subsidiary of Sanyang
“VTBM Purchase Transaction”	purchases of motorbike parts by the Group from VTBM (continuing connected transaction category 1B in the Prospectus)
“Waivers”	waivers from strict compliance with the announcement and/or Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules in respect of a number of continuing connected transactions of the Company, including but not limited to, the Continuing Connected Transactions, granted by the Stock Exchange to the Company on 28 November 2007
“%”	percent

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

Hong Kong, 9 November 2009

*As at the date of this announcement, the Board comprised four executive Directors, namely Mr. Chang Kwang Hsiung, Mr. Chen Pang Hsiung, Mr. Lee Hsi Chun and Mr. Wang Ching Tung, two non-executive Directors, namely Mr. Huang Kwang Wu and Mr. Liu Wu Hsiung Harrison, and three independent non-executive Directors, namely Mr. Hsu Nai Cheng Simon, Ms. Lin Ching Ching and Mr. Wei Sheng Huang.*