VIETNAM MANUFACTURING AND EXPORT PROCESSING (HOLDINGS) LIMITED

越南製造加工出口（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 422)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

Financial Highlights for 2007:	**Growth**
• Total revenue US$259.7 million	+ 41%
• Gross profit US$67.2 million	+ 52%
• Net profit US$31.0 million	+ 33%
• Earnings of US 4.20 cents per share (HK$0.33 per share)	
• Proposed final dividend of US 2.18 cents per share (HK$0.17 per share)	

The board of directors (the "Board") of Vietnam Manufacturing and Export Processing (Holdings) Limited (the "Company") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2007 together with the comparative figures for the immediately preceding financial year. In recognition of the Company's good financial results, the Board recommends the payment of a final dividend of US 2.18 cents per share for the year ended 31 December 2007.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	Note	**2007** **US$**	2006 US$
Revenue	2	**259,737,332**	184,308,268
Cost of sales		**(192,558,987)**	(140,076,287)
Gross profit		**67,178,345**	44,231,981
Other income		**515,842**	203,059
Distribution expenses		**(19,066,894)**	(11,456,332)
Technology transfer fees		**(5,985,566)**	(3,052,690)
Administrative expenses		**(10,637,626)**	(7,623,331)
Other expenses		**(1,405,080)**	(140,328)
Results from operating activities		**30,599,021**	22,162,359
Finance income		**4,937,942**	5,313,723
Finance expenses		**(798,213)**	(1,646,860)
Net finance income		**4,139,729**	3,666,863
Share of profits of an equity accounted investee		**169,553**	57,074
Profit before income tax		**34,908,303**	25,886,296
Income tax expense	3	**(3,864,834)**	(2,565,095)
Profit for the year		**31,043,469**	23,321,201
Attributable to:			
Equity holders of the Company		**30,999,244**	23,309,018
Minority interests		**44,225**	12,183
Profit for the year		**31,043,469**	23,321,201
Dividends payable to equity holders of the Company	4		
Interim dividend declared during the year		**39,000,000**	22,000,000
Final dividend proposed after the balance sheet date		**19,782,769**	–
		58,782,769	22,000,000
Earnings per share	5		
– basic		**0.04**	0.03

CONSOLIDATED BALANCE SHEET

At 31 December 2007

	Note	**2007** *US$*	2006 *US$*
Assets			
Property, plant and equipment	*6*	**39,470,807**	40,888,581
Intangible assets		**413,889**	468,648
Lease prepayments		**3,536,911**	3,725,658
Investment in an equity accounted investee		**793,939**	624,386
Other non-current assets		**62,510**	379,703
Deferred tax assets		**303,582**	133,946
Total non-current assets		**44,581,638**	46,220,922
Inventories	*7*	**40,838,363**	34,839,431
Trade receivables, other receivables and prepayments	*8*	**18,566,475**	16,764,099
Income tax recoverable		**3,573**	383,497
Pledged bank deposits		**9,822,323**	16,347,106
Time deposits maturing after three months		**13,243,810**	9,369,945
Cash and cash equivalents		**125,696,749**	47,434,924
Total current assets		**208,171,293**	125,139,002
Total assets		**252,752,931**	171,359,924
Liabilities			
Trade and other payables	*9*	**45,919,905**	29,344,565
Interest-bearing borrowings		**13,425,523**	17,250,830
Income tax payables		**1,355,736**	20,291
Provisions		**1,946,683**	1,483,367
Total current liabilities		**62,647,847**	48,099,053
Net current assets		**145,523,446**	77,039,949
Total assets less current liabilities		**190,105,084**	123,260,871
Interest-bearing borrowings		**70,226**	39,835
Total non-current liabilities		**70,226**	39,835
Total liabilities		**62,718,073**	48,138,888
Net assets		**190,034,858**	123,221,036
Equity			
Paid-in capital		**1,162,872**	58,560,000
Reserves		**188,405,996**	64,239,271
Total equity attributable to equity holders of the Company		**189,568,868**	122,799,271
Minority interest		**465,990**	421,765
Total equity		**190,034,858**	123,221,036
Total liabilities and equity		**252,752,931**	171,359,924

NOTES:

1. PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which include International Accounting Standards ("IAS") and related interpretations, promulgated 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.

At the date of this announcement, the IASB has issued the following IFRSs and interpretations which are not yet effective in respect of the year ended 31 December 2007. The Group has not early adopted these IFRSs and interpretations in the preparation of the financial statements.

	Effective for accounting periods beginning on or after
IFRIC 11, *IFRS2–Group and treasury share transactions*	1 March 2007
IFRIC 12, *Service concession arrangements*	1 January 2008
IFRIC 14, *IAS 19–The limit on a defined benefit asset, minimum funding requirements and their interaction*	1 January 2008
IFRIC 13, *Customer loyalty programmes*	1 July 2008
IFRS 8, *Operating segments*	1 January 2009
Revised IAS 1, *Presentation of financial statements*	1 January 2009
Revised IAS 23, *Borrowing costs*	1 January 2009
Amendment to IFRS 2, *Share-based payment – Vesting conditions and cancellations*	1 January 2009
Amendments to IAS 32, *Financial instruments: Presentation of financial statements – Puttable financial instruments and obligations arising on liquidations*	1 January 2009
Revised IFRS 3, *Business combinations*	1 July 2009
Amendments to IAS 27, *Consolidated and separate financial statements*	1 July 2009

The directors have confirmed that the above IFRSs and interpretations do not have a significant impact on how the results of operations and financial position for the year ended 31 December 2007 are prepared and presented. These IFRSs and interpretations may result in changes in the future as to how the results and financial position of the Group are prepared and presented.

(b) Basis of preparation

These financial statements are prepared on the historical cost basis.

The preparation of consolidated 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.

2. REVENUE & SEGMENT INFORMATION

The principal activities of the Group are those relating to manufacture and sales of motorbikes, related spare parts and engines and provision of motorbike maintenance services. Revenue excludes value added taxes and sales rebates.

	Manufacture and sales of motorbikes *US$*	Manufacture and sales of spare parts and engines *US$*	Moulds and repair services *US$*	Inter-segment elimination *US$*	Group *US$*
For the year ended 31 December 2007					
Revenue from external Customers	**234,123,202**	**25,005,797**	**608,333**	**–**	**259,737,332**
Inter-segment revenue	**–**	**95,552,679**	**887,714**	**(96,440,393)**	**–**
Total revenue	**234,123,202**	**120,558,476**	**1,496,047**	**(96,440,393)**	**259,737,332**
Segment result	**30,331,420**	**14,537,575**	**146,982**	**(12,445,054)**	**32,570,923**
Unallocated expense					**(1,971,902)**
Net finance income					**4,139,729**
Share of profits of an equity accounted investee					**169,553**
Profit before income tax					**34,908,303**
Income tax expense					**(3,864,834)**
Profit for the year					**31,043,469**

	Manufacture and sales of motorbikes *US$*	Manufacture and sales of spare parts and engines *US$*	Moulds and repair services *US$*	Inter-segment elimination *US$*	Group *US$*
For the year ended 31 December 2006					
Revenue from external customers	161,664,395	22,186,746	457,127	–	184,308,268
Inter-segment revenue	–	69,290,591	777,074	(70,067,665)	–
Total revenue	161,664,395	91,477,337	1,234,201	(70,067,665)	184,308,268
Segment result	22,042,912	11,365,470	43,673	(11,272,981)	22,179,074
Unallocated expense					(16,715)
Net finance income					3,666,863
Share of profits of an equity accounted investee					57,074
Profit before income tax					25,886,296
Income tax expense					(2,565,095)
Profit for the year					23,321,201

The Group's revenue is substantially derived from its customers in Vietnam and the Group's operating assets are substantially located in Vietnam. Accordingly, no segmental analysis by geographical segments is provided for the years ended 31 December 2006 and 2007.

3. INCOME TAX EXPENSE

	2007 ***US$***	2006 *US$*
Current tax expenses		
– current tax	**4,001,090**	2,537,737
– under provision in prior year	**33,380**	52,337
Deferred tax expense		
– origination and reversal of temporary differences	**(169,636)**	(24,979)
	3,864,834	2,565,095

The Group is not subject to Hong Kong profits tax and Cayman Islands income tax for the current and prior financial year.

4. DIVIDENDS

(a) Dividends payable to equity holders of the Company attributable to the year

	2007	2006
	US$	*US$*
Interim dividend declared and paid of US$0.56 per ordinary share (2006: US$Nil) before the capitalization of share premium account and Initial Public Offering	**33,000,000**	–
Final dividend proposed after the balance sheet date of US$0.0218 per ordinary share*	**19,782,769**	–
	52,782,769	–

* *The final dividend proposed after the balance sheet date has not been recognized as a liability at the balance sheet date.*

(b) Dividends payable to equity holders of the Company attributable to the previous financial year, declared and paid during the year

Interim dividend in respect of the previous year, declared and paid during the year of US$0.10 per ordinary share (2006: US$0.38)	**6,000,000**	22,000,000

5. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of US$30,999,244 (2006: US$23,309,018) and the weighted average of 737,294,466 ordinary shares (2006: 732,000,000 shares after adjusting for the capitalisation issue in 2007) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2007	2006
Issued ordinary shares at 1 January	**58,560,000**	58,560,000
Effect of capitalisation issue	**673,440,000**	673,440,000
Effect of the initial public offering	**5,294,466**	–
Weighted average number of ordinary shares at 31 December	**737,294,466**	732,000,000

There were no potential dilutive ordinary shares in existence during the years ended 31 December 2006 and 2007.

6. PROPERTY, PLANT AND EQUIPMENT

	Buildings US$	Machinery, moulds and equipment US$	Office equipment, furniture and fittings US$	Electrical, water and utility system US$	Motor vehicles US$	Assets under construction US$	Total US$
Cost							
At 1 January 2006	11,884,061	61,286,890	1,431,019	5,979,051	1,273,103	1,132,131	82,986,255
Additions	141,571	5,166,293	241,866	–	82,629	1,614,067	7,246,426
Transfer from assets under construction	76,808	789,421	–	–	–	(866,229)	–
Disposals	(177,118)	(1,104,831)	(126,955)	(32,876)	(43,181)	–	(1,484,961)
Effect of movements in exchange rate	(100,868)	(539,834)	(12,612)	(50,521)	(10,954)	(12,760)	(727,549)
At 31 December 2006	11,824,454	65,597,939	1,533,318	5,895,654	1,301,597	1,867,209	88,020,171
Additions	114,244	3,813,694	273,780	5,789	77,786	6,272,362	10,557,655
Transfer from assets under construction	914,901	–	–	–	–	(914,901)	–
Disposals	–	(2,959,145)	(96,998)	(104,681)	(83,036)	(3,883,988)	(7,127,848)
Effect of movements in exchange rate	27,736	148,417	3,646	13,142	2,920	5,853	201,714
At 31 December 2007	**12,881,335**	**66,600,905**	**1,713,746**	**5,809,904**	**1,299,267**	**3,346,535**	**91,651,692**
Accumulated depreciation							
At 1 January 2006	2,826,380	32,409,627	741,956	4,252,940	650,614	–	40,881,517
Depreciation charge for the year	412,799	6,863,149	208,741	256,917	142,434	–	7,884,040
Disposals	(123,953)	(966,890)	(124,830)	(23,764)	(20,076)	–	(1,259,513)
Effect of movements in exchange rate	(25,172)	(299,586)	(6,642)	(37,023)	(6,031)	–	(374,454)
At 31 December 2006	3,090,054	38,006,300	819,225	4,449,070	766,941	–	47,131,590
Depreciation charge for the year	444,930	7,098,648	246,621	189,210	140,210	–	8,119,619
Disposals	–	(2,942,508)	(93,527)	(104,681)	(41,104)	–	(3,181,820)
Effect of movements in exchange rate	7,447	90,106	2,014	10,096	1,833	–	111,496
At 31 December 2007	**3,542,431**	**42,252,546**	**974,333**	**4,543,695**	**867,880**	**–**	**52,180,885**
Carrying amount							
At 31 December 2007	**9,338,904**	**24,348,359**	**738,789**	**1,266,209**	**432,011**	**3,346,535**	**39,470,807**
At 31 December 2006	8,734,400	27,591,639	714,093	1,446,584	534,656	1,867,209	40,888,581

7. INVENTORIES

	2007 US$	2006 US$
Raw materials	**26,728,528**	24,850,513
Tools and supplies	**819,169**	668,246
Work in progress	**3,223,197**	3,062,223
Finished goods	**7,812,399**	3,019,201
Merchandise inventories*	**4,550,465**	3,990,388
	43,133,758	35,590,571
Allowance for inventory impairment	**(2,295,395)**	(751,140)
Net realisable value	**40,838,363**	34,839,431

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

The analysis of the amount of inventories recognised as expenses is as follows:

	2007 US$	2006 US$
Carrying amount of inventories sold	**189,914,342**	139,083,916
Write down of inventories	**1,865,912**	353,224
	191,780,254	139,437,140

Movements in allowance for inventory impairment were as follows:

	2007 US$	2006 US$
At beginning of the year	**751,140**	612,368
Additions	**1,865,167**	353,224
Utilisation	**(320,912)**	(214,452)
At the end of the year	**2,295,395**	751,140

8. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	2007 US$	2006 US$
Trade receivables	**2,539,534**	1,396,223
Non-trade receivables	**7,575,119**	4,078,672
Prepayments	**5,250,947**	7,360,947
Amounts due from related parties	**3,200,875**	3,928,257
At 31 December 2007	**18,566,475**	16,764,099

(i) Trade receivables

All of the trade receivables are expected to be recovered within one year.

An aging analysis of the trade receivables of the Group is as follows:

	2007 US$	2006 US$
Within three months	**2,474,124**	1,374,091
More than three months but within one year	**48,315**	17,622
More than one year	**17,095**	4,510
	2,539,534	1,396,223

(ii) Non-trade receivables

	2007 *US$*	2006 *US$*
Import tax refundable	**1,194,126**	1,789,080
Listing fee recoverable	**3,511,146**	–
Interest receivable	**369,840**	639,925
Discount on spare parts purchased	**562**	171,821
Compensation of material losses-in-transit	**–**	551,550
Deductible VAT	**1,305,111**	402,803
Others	**1,194,334**	523,493
At 31 December 2007	**7,575,119**	4,078,672

The above balances are unsecured, interest-free and have no fixed terms of repayment. They are expected to be recovered or utilised within one year.

(iii) Prepayments

Prepayments	**4,314**	2,030,455
Advances to suppliers	**5,246,633**	5,330,492
At 31 December 2007	**5,250,947**	7,360,947

9. TRADE AND OTHER PAYABLES

Trade payables	**18,045,969**	12,104,699
Other payables and accrued operating expenses	**14,087,056**	7,684,387
Advances from customers	**4,313,555**	2,386,719
Amounts due to related parties	**9,473,325**	7,168,760
	45,919,905	29,344,565

(i) Trade payables

An aging analysis of trade payables is as follows:

Within three months	**16,224,274**	10,213,468
More than three months but within one year	**1,674,437**	1,755,574
More than one year but within five years	**147,258**	135,657
	18,045,969	12,104,699

(ii) Other payables and accrued operating expenses

Other tax payables	**3,352,291**	1,304,049
Commission and bonus payable to dealers	**4,236,773**	2,428,461
Accrued expenses	**4,085,179**	2,237,820
Other payables	**2,412,813**	1,714,057
	14,087,056	7,684,387

The above balances are expected to be settled within one year.

MANAGEMENT DISCUSSION & ANALYSIS

The Group is one of the leading manufacturers of scooter and cub motorbikes in Vietnam and currently ranks third amongst the principal foreign-owned motorbike manufacturers in terms of sales. The Group also produces motorbike engines and parts for internal use and for sale to overseas customers, and sells and provides services in respect of moulds for making die-cast and forged metal parts.

The Company completed an initial public offering ("IPO") of its shares and became a company listed on the main board of the Stock Exchange on 20 December 2007.

Business and Financial Review

For the year ended 31 December 2007, the Group has benefited from its double-digit percentage organic growth which was a result of an overall improvement in the Vietnamese motorbike market, the Group's continued effort in the refinement of its products and the enhancement of the image of its brand. Profit attributable to equity holders of the Company increased by 33% to US$31.0 million for the year ended 31 December 2007 as compared with US$23.3 million for the year ended 31 December 2006.

Revenue

Revenue of the Group for the year ended 31 December 2007 increased by US$75.4 million or 41%, to US$259.7 million from US$184.3 million for the year ended 31 December 2006. All the business segments of the Group demonstrated robust growth trends. In particular, sales quantities of scooters increased by 62% for the year ended 31 December 2007 as compared with the year ended 31 December 2006, while overall sales quantities increased by 37% for such comparative period. The increase in revenue was mainly attributable to the increase in sales volume of scooters and the robust sales of a new model of motorbike, the Attila.

Cost of Sales

The Group's cost of sales increased by 37%, from US$140.0 million for the year ended 31 December 2006 to US$192.6 million for the year ended 31 December 2007. This increase was due primarily to higher sales volumes, the effect of which was augmented by the cost of certain product enhancements, particularly those on the bestselling Attila series. As a percentage of total revenue, the Group's cost of sales decreased from 76% for the year ended 31 December 2006 to 74% in the year ended 31 December 2007.

Gross Profit and Gross Profit Margin

As a result of the factors discussed above, the gross profit of the Group increased by 52%, from US$44.2 million for the year ended 31 December 2006 to US$67.2 million for the year ended 31 December 2007. Between such comparative period, the Group's gross profit margin increased from 24% to 26%, mainly due to the positive contribution from the margin of the newly launched models as well as the Group's strategies in focusing on selling higher margin scooters as compared to cubs.

Distribution Expenses

The Group's distribution expenses increased by 66%, from US$11.5 million for the year ended 31 December 2006 to US$19.1 million for the year ended 31 December 2007. This increase was largely due to: (i) an increase in advertising and marketing fees for launching a new model, namely the Attila; (ii) higher sales incentives and supporting fees to distributors to organize marketing activities and the renovation of flagship stores; and (iii) higher warranty expenses as a result of greater sales volumes and a higher proportion of sales being attributable to scooters.

Technology Transfer Fees

The technology transfer fees increased by 96%, from US$3.1 million for the year ended 31 December 2006 to US$6.0 million for the year ended 31 December 2007. This rise was largely the result of an adjustment in the rate of the fees from 3% to 4% as of 1 January 2007, coupled with an increase in the sales volume of SYM-branded motorbikes and related parts.

Administrative Expenses

The Group's administrative expenses increased by 40%, from US$7.6 million for the year ended 31 December 2006 to US$10.6 million for the year ended 31 December 2007, principally as a consequence of: (i) an increase in salary expenses in connection with a surge in staff costs in the market and an expansion in the scope of business; and (ii) an increase in withholding taxes in connection with the technology transfer fees. For the year ended 31 December 2007, the administrative expense as a percentage of revenue was 4%.

Profit from Operating Activities

As a result of the factors discussed above, the Group's profit from operating activities increased by 38%, from US$22.2 million for the year ended 31 December 2006 to US$30.6 million for the year ended 31 December 2007.

Net Financial Income

The Group's net financial income increased by 13%, from US$3.7 million for the year ended 31 December 2006 to US$4.1 million for the year ended 31 December 2007. This increase was mainly attributable to: (i) a decrease in finance expenses as the Group raised no new bank loans and continued repaying a portion of its borrowings, while the Group's finance income remained substantially unchanged; (ii) an exchange gain for the year ended 31 December 2007 compared to exchange losses in 2006 as the exchange rate of the Vietnam Dong against the US dollar has been increasing during the year.

Profit for the Year And Profit Margin

As a result of the factors discussed above, the Group's profit for the year, after income tax, increased by 33%, from US$23.3 million for the year ended 31 December 2006 to US$31.0 million for the year ended 31 December 2007, and the Group's net profit margin decreased from 12.7% to 11.9% over the same period.

Liquidity and Financial Resources

As at 31 December 2007, the Group's net current assets was approximately US$145.5 million (2006: US$77.0 million) which consisted of current assets amounting to approximately US$208.2 million (2006: US$125.1 million) and current liabilities amounting to approximately US$62.6 million (2006: US$48.1 million).

As at 31 December 2007, the interest-bearing borrowings repayable within one year was approximately US$13.4 million (2006: US$17.3 million). As at 31 December 2007, the Group has interest-bearing borrowings repayable beyond one year amounting to US$0.07 million (2006: US$0.04 million).

As at 31 December 2007, the cash and cash equivalents, time deposits maturing after three months, and pledged bank deposits amounted to approximately US$148.8 million (2006: US$73.2 million). During the year ended 31 December 2007, the Group recorded a net cash inflow from the placing and the public offer of the Company's shares on 20 December 2007 (the "Share Offer") of approximately US$73.2 million.

The Board is of the opinion that the Group will be in a strong and healthy financial position and has sufficient resources to satisfy its working capital requirement and foreseeable capital expenditure.

Capital Commitments and Contingent Liabilities

As at 31 December 2007, the future capital commitments for which the Group had contracted but not provided for amounted to approximately US$13.2 million (2006: US$15.3 million) which will all be paid off using the proceeds from the Share Offer and cash generated from the Group's operations within 3 years. The Group had no significant contingent liabilities.

Pledge of Assets

As at 31 December 2007, pledged bank deposits amounting to approximately US$9.8 million (2006: US$16.3 million) was pledged with banks as security for certain banking facilities.

Human Resources and Remuneration Policies

The Group offers competitive remuneration packages to its employees in Vietnam, Taiwan and Hong Kong, including quality staff quarters, training and development opportunities, medical benefits, insurance coverage and retirement benefits in order to attract, retain and motivate employees. As at 31 December 2007, the Group had 2,178 employees (2006: 1,904). The total salaries and related cost for the year ended 31 December 2007 amounted to approximately US$9.6 million (2006: US$6.5 million).

Prospects

The strong growth in Vietnam's economy has boosted the spending power and living standards of its citizens. This has led to an increase in demand for the mobility offered by more advanced motorbikes, which is a development that carries huge potential for the motorbike industry.

The Group will aim at consolidating its leading position in the motorbike manufacturing industry and strengthening its business growth. In order to achieve this goal, the Group will continue to increase investment in research and development, improve cost control, expand the distribution network in both Vietnam and elsewhere and consolidate its brand image to enhance the value of its products.

Capitalising on its strengths and comprehensive future plans, the Group is confident that it will achieve even better results and maximise returns to the shareholders (the "Shareholders") of the Company.

Application of IPO Proceeds

The net proceeds from the Company's IPO was approximately US$73.2 million, after a deduction of related expenses. The net proceeds have not been utilized as at 31 December 2007 and will be applied in line with the description in the prospectus of the Company dated 6 December 2007 and the announcement issued in connection with the IPO.

CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors (the "Directors") of the Company, having considered, amongst other things, the findings of reviews and/or audits conducted by the independent professional parties, the Company has applied the principles and complied with all the applicable code provisions as set out in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the financial year ended 31 December 2007.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct in respect of transactions in securities of the Company by the Directors. Having made specific enquiry, the Company confirms that the Directors have complied with the required standard set out in the Model Code for the financial year ended 31 December 2007.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The annual results for the year ended 31 December 2007 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 and that adequate disclosure has been made.

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of US 2.18 cents per share (or equivalent to HK$0.17 per share) for the year ended 31 December 2007 which is expected to be paid on or before 17 June 2008 to its shareholders whose names appear on the register of members at the close of business on 28 May 2008, subject to final approval at the annual general meeting ("Annual General Meeting") of the Company, to be held on 30 May 2008. Subject to any significant change in the business of the Group, the Company will maintain a stable dividend policy.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 28 May 2008 to 30 May 2008 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 27 May 2008.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the year ended 31 December 2007, there was no purchase, sale or redemption made by the Company, or any of its subsidiaries, of the shares of the Company.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and on the Company's website at www.vmeph.com. The annual report 2007 of the Company will also be published on the aforesaid websites in due course.

ANNUAL GENERAL MEETING

It is proposed that the Annual General Meeting will be held on 30 May 2008. Notice of the Annual General Meeting will be published and issued to the Shareholders in due course.

OUR APPRECIATION

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

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

Hong Kong, 10 March 2008

As at the date of this announcement, the directors of the Company 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 Wuu 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.

For the purpose of this announcement, amounts denominated in US$ have been converted to HK$ at an exchange rate of US$1.0 to HK$7.8.