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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Vietnam Manufacturing and Export Processing (Holdings) Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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

**Independent financial adviser
to the Independent Board Committee and the Independent Shareholders**



CENTURION CORPORATE FINANCE LIMITED

A letter from the Board (as defined herein) is set out on pages 6 to 15 of this circular. A letter from the Independent Board Committee (as defined herein) containing its advice to the Independent Shareholders (as defined herein) is set out on page 16 of this circular. A letter from Centurion Corporate Finance Limited containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 33 of this circular.

A notice convening the EGM to be held at 3:00 p.m. on Tuesday, 29 December 2009 at 5/F., Pacific Place Conference Centre, One Pacific Place, 88 Queensway, Hong Kong is set out on pages 38 to 39 of this circular.

Whether or not you are able to attend the EGM, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1806-7, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time of the EGM. Completion and delivery of the form of proxy will not preclude you from attending and voting at the extraordinary general meeting of the Company in person should you so wish.

10 December 2009

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DEFINITIONS

In this circular, the following expressions shall have the meanings set out below unless the content requires otherwise:

“2008 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(s)”	has the meaning given to it under the Listing Rules
“Board”	the board of Directors
“Centurion”	Centurion Corporate Finance Limited, a deemed licensed corporation under the SFO permitted to engage in types 1, 4, 6 and 9 of the regulated activities as defined under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders
“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 Transactions”	Group 1 Transactions
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held on Tuesday, 29 December 2009 to approve the Group 1 Transactions, their respective agreements and their proposed annual caps

DEFINITIONS

“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising the independent non-executive Directors, namely, Mr. Hsu Nai Cheng Simon, Ms. Lin Ching Ching, and Mr. Wei Sheng Huang, established for the purpose of advising the Independent Shareholders in respect of the Group 1 Transactions and the Proposed Annual Caps
“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
“Latest Practicable Date”	4 December 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing”	the listing of the Shares for trading on main board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“PRC”	the People’s Republic of China and for the purpose of this announcement, excludes Taiwan, the Macau Special Administrative Region and Hong Kong
“Proposed Annual Caps”	collectively refer to the annual caps for Group 1 Transactions for the three years ending 31 December 2012
“Prospectus”	the prospectus of the Company dated 6 December 2007
“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 Purchase Transaction”	purchases of motorbike parts by the Group from Sanyang (continuing connected transaction category 1A in the Prospectus)
“SFO”	the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong)
“Shares”	ordinary shares in the share capital of the Company with a nominal value of HK\$0.01 each
“Shareholders”	holders of Shares

DEFINITIONS

“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
“Supplemental Agreement”	the supplemental agreement to the VMEPH Purchase Agreement dated 10 December 2009, and entered into between the Company and Sanyang to amend certain terms of the VMEPH Purchase Agreement
“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 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

DEFINITIONS

“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

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. CHANG Kwang Hsiung (*Chairman*)
Mr. CHEN Pang Hsiung (*Chief Executive Officer*)
Mr. LEE Hsi Chun
Mr. WANG Ching Tung

Non-executive Directors:

Mr. HUANG Kwang Wu
Mr. LIU Wu Hsiung Harrison

Independent non-executive Directors:

Mr. HSU Nai Cheng Simon
Ms. LIN Ching Ching
Mr. WEI Sheng Huang

Registered Office:

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

*Principal Place of Business
in Hong Kong:*

Room 2106, 21/F
Technology Plaza
651 King's Road
North Point
Hong Kong

10 December 2009

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

Reference is made to the announcement of the Company dated 9 November 2009 regarding, among others, the Group 1 Transactions and the Proposed Annual Caps.

The Independent Board Committee has been formed to advise the Independent Shareholders in connection with the Group 1 Transactions and the Proposed Annual Caps. Centurion has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the same.

BACKGROUND

Reference is made to the Prospectus and the 2008 Announcement in respect of the Group 1 Transactions and the Proposed Annual Caps.

LETTER FROM THE BOARD

As the agreements giving rise to the Group 1 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 Group 1 Transactions and propose to renew the annual caps for the Group 1 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 Latest Practicable Date, Sanyang, through its wholly-owned subsidiary, SYI, held approximately 60.38% 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.

The Independent Board Committee has been established to consider (i) Group 1 Transactions; and (ii) the Proposed Annual Caps. Centurion has been appointed by the Company as its independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The purpose of this circular is to provide you with details of the Group 1 Transactions and the Proposed Annual Caps and to seek your approval of the ordinary resolutions set out in the notice of the EGM on pages 38 to 39 of this circular. The recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Group 1 Transactions and the Proposed Annual Caps is set out on page 16 of this circular. The letter from Centurion to the Independent Board Committee and the Independent Shareholders containing its advice in relation to the Group 1 Transactions and the Proposed Annual Caps is set out on pages 17 to 33 of this circular.

PRINCIPAL TERMS OF THE GROUP 1 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

LETTER FROM THE BOARD

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.

Pursuant to the current arrangement under the existing VMEPH Purchase Agreement which is due to expire on 31 December 2009, Sanyang provides details of cost data for only those parts which are incomplete knock-down parts (IKD) for use in specific models of motorbikes to the Company annually. Typically, an IKD consists of up to almost 100 smaller parts and the total number of parts purchased by the Group from Sanyang exceeds 1000 items. Unless there is a modification in any model of motorbike that the Company is manufacturing which results in changes to the smaller parts used in an IKD, due to the complexity and the large quantity of smaller parts involved in an IKD, the IKD parts cost data will normally only be reviewed and re-determined annually by Sanyang. The Company also wishes to clarify that the IKDs and parts are not only for on-sell to the Company but also for Sanyang's manufacturing purposes and the costs of which fluctuates as a result of a combination of factors, for example, costs of raw materials, purchase quantity and hence, bulk purchase discount, production variations, production costs and purchase costs of Sanyang (as the case may be) and foreign exchange fluctuation. The Directors are of the view that as the price of the smaller parts and IKD as a whole stay relatively stable, save and expect for fluctuations in foreign exchange rates and modifications to model of motorbikes which results in a change in IKD components, the manpower resources required to update the cost data on a more frequent basis than annually and cost in association thereto outweigh the benefit. Hence, while the Company takes note of Centurion's view as contained in the Letter of Centurion set out on pages 17 to 33 to this circular, the Company submits that it is practically difficult and not cost effective, in terms of manpower resources and it is also not the commercial practice in the motorbikes manufacturing industry, to review and update the cost data provided by Sanyang on a more frequent basis than annually.

To clarify the pricing basis and to address Centurion's concern, the Company and Sanyang had on 10 December 2009 entered into the Supplement Agreement to make it clear that the terms "Production Cost" and "Purchase Cost" will be determined on an annual basis subject to adjustments in any annual period with respect to fluctuations in foreign exchange rates and any modifications to any model of motorbikes in which any product to be purchased by the Company pursuant to the VMEPH Purchase Agreement is used.

The Directors are of the view that the entering into of the Supplemental Agreement but without frequent update of the costs data, is sufficient to address the issue raised by Centurion and in the best interest of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

(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.

Of a total of 135 Sanyang Distribution Transactions entered into during the period from the date of Listing up to 31 October 2009, 19 were made at a price which provided the Company with a profit margin of lower than 3.5%. Those transactions involved the sale of certain models of motorbikes and related parts to customers in the Philippines and Cambodia, both of which are countries within the Exclusive Territory. Those sales were made at a lower profit margin because of local market conditions.

The Directors confirm that the overall average profit margin of the Sanyang Distribution Transactions entered into during the period from the date of Listing up to 31 October 2009 was above 3.5% with maximum and minimum profit margins ranging from approximately 12.7% to approximately 1%. As the Company was able to achieve a minimum guaranteed profit of not less than 3.5% from the Sanyang Distribution Transactions entered into during the relevant period, the Directors did not consider that there was a material deviation from the terms of the VMEPH Distributorship Agreement and hence, the Company did not make any announcement.

In addition to the internal control requirement for quarterly pre-approval of proposed motorbikes and related parts purchases from Sanyang (details of which are set out on pages 148 and 149 of the Prospectus), to ensure all future Sanyang Distribution Transactions will be conducted in accordance with the terms of the VMEPH Distributorship Agreement, the Company will assign two additional staff from the sales teams in Vietnam and Taiwan to be the persons-in-charge to monitor all Sanyang Distribution Transactions in the future. Their key responsibilities will include (i) ensuring all Sanyang Distribution

LETTER FROM THE BOARD

Transactions are conducted in accordance with the terms of the VMEPH Distributorship Agreement to ensure all transactions to be entered into by the Company under such agreement will have a minimum 3.5% profit margin, (ii) preparing monthly summary of the Sanyang Distribution Transactions for the benefit of the senior management and the Board and (iii) reporting to the Board and the senior management team on a quarterly basis. The Company will provide training and ensure such staff is familiar with the terms of the VMEPH Distributorship Agreement and the continuing connected transaction requirements under the Listing Rules. On such basis, the Directors are of the view that the Company has an effective internal control system in place to prevent recurrence of similar events and ensure full compliance with the continuing connected transaction requirements under the Listing Rules.

(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.

LETTER FROM THE BOARD

(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.

REASONS FOR THE GROUP 1 TRANSACTIONS

The Company believes it is in its best interests to carry out the Group 1 Transactions. The reasons for entering into the Group 1 Transactions are set out below:

(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.

LETTER FROM THE BOARD

(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.

HISTORICAL VALUES AND ANNUAL CAPS

The table below sets out the respective historical annual cap for each of the Group 1 Transactions for the three years ending 31 December 2009.

<i>(in US\$)</i>	Annual cap for the year ended 31 December 2007	Annual cap for the year ended 31 December 2008	Annual cap for the year ending 31 December 2009
(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

LETTER FROM THE BOARD

The table below sets out the relevant historical transaction amounts of the Group for the two years ended 31 December 2007 and 2008, and the unaudited consolidated accounts of the Group for the ten months ended 31 October 2009

<i>(in US\$)</i>	Transaction amount for the year ended 31 December 2007	Transaction amount for the year ended 31 December 2008	Transaction amount for 10 months ended 31 October 2009
(A) Sanyang Purchase Transaction	29,296,649	15,458,469	7,898,737
(B) Sanyang Distribution Transaction	244,113	6,072,390	4,180,062
(C) Sanyang Global Purchase Transaction	–	2,057,130	3,402,064
(D) Technology Licence Transaction	5,985,566	5,157,019	4,906,092
(E) VTBM Purchase Transaction	4,370,093	3,908,724	2,963,041

The actual amount of the Group 1 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 Group 1 Transactions carried out during the ten-month period from 1 January 2009 up to 31 October 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 Group 1 Transactions (subject to the approval of the Independent Shareholders) for the three years ending 31 December 2012 as follows:

<i>(in US\$)</i>	Proposed Annual Caps for		
	the year ending 31 December 2010	the year ending 31 December 2011	the year ending 31 December 2012
(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

The Proposed Annual Caps 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;

LETTER FROM THE BOARD

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

The Company and the Directors (excluding the independent non-executive Directors who have expressed their views in the letter from the Independent Board Committee set out on page 16 of this circular) consider that the Group 1 Transactions will be carried out in the ordinary and usual course of business of the Group and on normal commercial terms from the perspective of the Company and that the terms of the transactions (as summarised above), including the Proposed Annual Caps, are fair and reasonable and in the interests of the Shareholders as a whole. The Group 1 Transactions are subject to the annual review requirements under Rules 14A.37 to 14A.38 of the Listing Rules.

EGM

A notice convening the EGM to be held at 5/F., Pacific Place Conference Centre, One Pacific Place, 88 Queensway, Hong Kong on 3:00 p.m. on Tuesday, 29 December 2009 is set out on pages 38 to 39 of this circular. At the EGM, ordinary resolutions will be proposed for the Independent Shareholders to consider and, if thought fit, to approve the Group 1 Agreement and the Proposed Annual Caps.

The ordinary resolutions to be proposed at the EGM will be determined by way of poll by the Independent Shareholders. Sanyang, the ultimate controlling Shareholder, through its wholly-owned subsidiary, SYI, was interested in approximately 60.38% of the issued share capital of the Company as at the Latest Practicable Date. Therefore, Sanyang, its subsidiaries and associates are required to and will abstain from voting at the EGM in respect of such resolutions.

A form of proxy for use in connection with the EGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1806-7, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong and in any event not later than 48 hours before the time of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish.

LETTER FROM THE BOARD

RECOMMENDATION

The Independent Board Committee, having taken into account the advice of Centurion, is of the opinion that (i) the transactions effected or to be effected pursuant to the VMEPH Purchase Agreement as amended by the Supplemental Agreement, VMEPH Distributorship Agreement, VMEPH Sanyang Global Purchase Agreement, Technology Licence Agreement and VMEPH VTBM Purchase Agreement 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 are fair and reasonable and in the interests of the Shareholders as a whole; and (ii) the Proposed Annual Caps are fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and its Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions to approve the Group 1 Transactions, their respective agreements and their proposed annual caps at the EGM.

GENERAL

Your attention is drawn to the letter from the Independent Board Committee, the letter from Centurion and the additional information set out in the appendix to this circular and the notice of the EGM.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

10 December 2009

Dear Independent Shareholders,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular (the “**Circular**”) dated 10 December 2009 of the Company of which this letter forms a part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to advise you in respect of the Group 1 Transactions and the fairness and reasonableness of the Proposed Annual Caps. Centurion has been appointed as the independent financial adviser to advise us and the Independent Shareholders in this regard.

Having taken into account the advice of Centurion, we are of the opinion that (i) the transactions effected or to be effected pursuant to the VMEPH Purchase Agreement as amended by the Supplemental Agreement, VMEPH Distributorship Agreement, VMEPH Sanyang Global Purchase Agreement, Technology Licence Agreement and VMEPH VTBM Purchase Agreement 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 are fair and reasonable and in the interests of the Shareholders as a whole; and (ii) the Proposed Annual Caps are fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and its Shareholders as a whole. Accordingly, we would advise the Independent Shareholders to vote in favour of the ordinary resolutions to approve the VMEPH Purchase Agreement, the Supplemental Agreement, VMEPH Distributorship Agreement, VMEPH Sanyang Global Purchase Agreement, Technology Licence Agreement and VMEPH VTBM Purchase Agreement and the Proposed Annual Caps at the EGM.

We also draw the attention of the Independent Shareholders to (i) the letter from the Board, (ii) the letter from Centurion, and (iii) the appendix to the Circular.

Yours faithfully,

For and on behalf of the Independent Board Committee

HSU Nai Cheng Simon
Independent non-executive
Director

LIN Ching Ching
Independent non-executive
Director

WEI Sheng Huang
Independent non-executive
Director

LETTER FROM CENTURION

The following is the text of the letter of advice to the Independent Board Committee and the Independent Shareholders from Centurion dated 10 December 2009 for incorporation in this circular:-



CENTURION CORPORATE FINANCE LIMITED 盛百利財務顧問有限公司

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10 December 2009

*To the Independent Board Committee and the Independent Shareholders of
Vietnam Manufacturing and Export Processing (Holdings) Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We have been engaged to advise the Independent Board Committee and the Independent Shareholders with respect to the terms of the non-exempt continuing connected transactions contemplated under the VMEPH Purchase Agreement (as amended by the Supplemental Agreement), VMEPH Distributorship Agreement, VMEPH Sanyang Global Purchase Agreement, Technology Licence Agreement, and the VMEPH VTBM Purchase Agreement, details of which are outlined in the "Letter From The Board" set out from pages 6 to 15 of the circular dated 10 December 2009 to the Shareholders ("Circular") of which this letter forms a part. We have been appointed to give an opinion as to whether the terms of the aforesaid agreements, the continuing connected transactions contemplated thereunder and the Proposed Annual Caps are carried out in the ordinary and usual course of business, are of normal commercial terms and that the terms of such transactions are fair and reasonable and in the interests of the Shareholders as a whole. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

The Company announced on 9 November 2009 regarding, among other things, the Group 1 Transactions and the Proposed Annual Caps. Reference is made to the Prospectus and the 2008 Announcement in respect of the Group 1 Transactions and the Proposed Annual Caps. As the agreements giving rise to the Group 1 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 Group 1 Transactions and proposes to renew the annual caps for the Group 1 Transactions for the three years ending 31 December 2012.

LETTER FROM CENTURION

The Group 1 Transactions, the entering into of their respective agreements and the Proposed Annual Caps, for the reasons set out in the “Letter From The Board”, constitute “non-exempt continuing connected transaction” of the Company under the Listing Rules. As such, the Group 1 Transactions, their respective agreements and the Proposed Annual Caps are subject to the approval of the Independent Shareholders. At the EGM, ordinary resolutions will be proposed for the Independent Shareholders to consider and, if thought fit, to approve the Group 1 Transactions, their respective agreements and the Proposed Annual Caps.

The ordinary resolutions to be proposed at the EGM will be determined by way of poll by the Independent Shareholders. As set out in the “Letter From The Board”, Sanyang, the ultimate controlling Shareholder, through its wholly-owned subsidiary SYI, was interested in approximately 60.38% of the issued share capital of the Company as at the Latest Practicable Date. Therefore, Sanyang, its subsidiaries and associates are required to and will abstain from voting at the EGM in respect of such resolutions. In this regard, please refer to the sections headed “EGM” as set out in the “Letter From The Board” for further details.

The Independent Board Committee has been formed to advise the Independent Shareholders in connection with the Group 1 Transactions and the Proposed Annual Caps. The Group 1 Transactions are also subject to the annual review requirements of Rules 14A.37 to 14A.40 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on the accuracy of the information, opinions and representation contained in the Circular, the Prospectus and other documents (including but not limited to the sample invoices, ledgers and comparable market quotations for the Group 1 Transactions) which have been provided to us by the executive Directors and for which they take full responsibility. We have also assumed that all statements, information, opinions and representations made or referred to in the Circular were true at the time they were made and continued to be true at the date of this Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular are reasonably made after due and careful enquiry.

In respect of the financial information of each of the Group and the Sanyang Group, we have relied principally on their respective audited and/or unaudited financial statements, and their respective ledgers and invoices. The financial statements of the Group were all prepared by the Company and for which the Directors take full responsibility. We have also sought and obtained confirmation from the Company that no material facts have been omitted from the information provided and/or referred to in the Circular.

We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the executive Directors. We consider that we have reviewed sufficient financial information to enable us to reach an informed view and to justify reliance on the accuracy of the financial information of the Group as contained in the Circular. We have not, however, conducted any form of independent or in-depth

LETTER FROM CENTURION

investigation into the businesses and affairs of the prospects of the Group, Sanyang Group, or any of their respective subsidiaries or associates, or the cap amounts sought, nor have we independently verified any of the information (including but not limited to the sample invoices, ledgers and comparable market quotations) supplied to us.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our recommendation, we have taken into consideration the following principal factors and reasons:

1. BACKGROUND

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. The Group's motorbikes are retailed under the SYM and SANDA brand names and its operations in Vietnam commenced in 1992. 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. Principal operations of the Group are undertaken through VMEP. The following table summaries the Group's segment revenue for the year ended 31 December 2008:–

*Table A: Segment revenue of the Group for the year ended 31 December 2008 (in US\$)**

	Manufacture and sales of motorbikes	Manufacture and sales of spare parts and engines	Moulds and repair services	Inter-segment elimination	Group
Revenue from external customers	176,182,248	40,301,502	330,407	–	216,814,157
Inter-segment revenue	–	65,122,735	1,674,590	(66,797,325)	–
Total revenue	176,182,248	105,424,237	2,004,997	(66,797,325)	216,814,157
Segment results	17,500,677	1,334,138	336,288	(7,133,702)	12,037,401

(* Source: 2008 annual report of the Company)

The Company completed its initial public offering of its Shares and dealings in the Shares on the Main Board of the Stock Exchange commenced on 20 December 2007. As disclosed in the Prospectus, the Company obtained the Waivers from the Stock Exchange 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 non-exempt continuing connected transactions between the Group and the Sanyang Group.

LETTER FROM CENTURION

The 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 60.38% of the issued share capital of the Company and thus, is an indirect substantial/controlling shareholder of the Company and hence, a connected person of the Company.

As set out in the Company's 2008 annual report, due to the downturn in global economy in the second half of 2008, following the sub-prime mortgage problem in the U.S., 2008 was indeed a challenging year for the Group. Vietnam's motorbike market experienced a rapid downturn in the second half of 2008 with soaring oil prices and heightened market competition. As a result, the Group's revenue decreased by US\$42.9 million or 17%, from US\$259.7 million for the year ended 31 December 2007 to US\$216.8 million for the year ended 31 December 2008. The Group's net profit attributable to equity holders of the Company dropped from the previous year's US\$31.0 million to US\$8.0 million for the year ended 31 December 2008. In response to such challenging market conditions in 2008, the Group employed a series of measures to improve inventory levels, strengthen cost controls and enhance operational efficiency.

As set out in the "Letter From The Board", the agreements giving rise to the Group 1 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 Group 1 Transactions and propose to renew the annual caps for the Group 1 Transactions for the three years ending 31 December 2012. Dealing with each of the Group 1 Transactions in turn are as follows.

2. PRINCIPAL TERMS, TRANSACTION VALUES AND CAP AMOUNTS OF THE GROUP 1 TRANSACTIONS

2.1 Sanyang Purchase Transaction

Under the VMEPH Purchase Agreement, the Group purchases certain motorbike parts such as, but not necessarily be limited to, carburetors, pulleys and brake units from Sanyang which are either manufactured by the Sanyang Group or sourced by it from Independent Third Parties. Prices of purchases of motorbike parts are on a cost plus basis. As set out in the Prospectus, Sanyang charges the Group at the manufacturing cost or purchase cost (as the case may be) plus a margin of 10% (if import duty charged by the Vietnamese government for the import of such part is 20% or more) or 15% (if such import duty is less than 20%). 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. The Supplemental Agreement was subsequently entered into to clarify the pricing basis to make it clear that the terms "production cost" and "purchase cost" will be determined on an annual basis subject to adjustments in any annual period with respect to fluctuations in foreign exchange rates and any modifications to any model of motorbikes in which any product to be purchased by the Company pursuant to the VMEPH Purchase Agreement is used going forward.

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The Sanyang Purchase Transaction was referred to as “Category 1A” purchases in the Prospectus, the historical transaction values and existing annual caps of these continuing connected transactions are set out in the following table:-

Table B: Historical transaction values and existing annual caps of the Sanyang Purchase Transaction as set out in the Prospectus and in the 2008 Announcement (in US\$)

	For the year ended 31 December 2007	For the year ended 31 December 2008	For the 10 months ended 31 October 2009
Sanyang Purchase Transaction			
Transaction amount	29,296,649	15,458,469	7,898,737
			For the year ending 31 December 2009
Original/revised annual cap	32,200,000	35,000,000	39,000,000

For the reasons set out in the “Letter From The Board” and below under the section headed “Reasons For And Bases Of The Proposed Annual Caps For The Group 1 Transactions”, the following new annual caps are to be sought, subject to Independent Shareholders’ approval.

Table C: Proposed annual caps of the Sanyang Purchase Transaction to be sought (in US\$)

	For the year ending 31 December 2010	For the year ending 31 December 2011	For the year ending 31 December 2012
Proposed Annual Caps	8,900,000	10,000,000	11,000,000

2.2 Sanyang Distribution Transaction

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

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price for such products offered by the Independent Third Party customers 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.

The Sanyang Distribution Transaction was referred to in the Prospectus as “Category 4” purchases, the historical transaction values and existing annual caps of these continuing connected transactions are set out in the following table:-

Table D: Historical transaction values and existing annual caps of the Sanyang Distribution Transaction as set out in the Prospectus (in US\$)

	For the year ended 31 December 2007	For the year ended 31 December 2008	For the 10 months ended 31 October 2009
Sanyang Distribution Transaction			
Transaction amount	244,113	6,072,390	4,180,062
			For the year ending 31 December 2009
Original/revised annual cap	7,700,000	7,700,000	7,700,000

For the reasons set out in the “Letter From The Board” and below under the section headed “Reasons For And Bases Of The Proposed Annual Caps For The Group 1 Transactions”, the following new annual caps are to be sought, subject to Independent Shareholders’ approval.

Table E: Proposed annual caps of the Sanyang Distribution Transaction to be sought (in US\$)

	For the year ending 31 December 2010	For the year ending 31 December 2011	For the year ending 31 December 2012
Proposed Annual Caps	7,700,000	7,700,000	7,700,000

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2.3 Sanyang Global Purchase Transaction

Pursuant to 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.

The agreement for the Sanyang Global Purchase Transaction was first entered into between the Company and Sanyang Global on 24 April 2008, subsequent to the issue of the Prospectus. The historical transaction values and existing annual caps of these continuing connected transactions are set out in the following table:–

Table F: Historical transaction values and existing annual caps of the Sanyang Global Purchase Transaction as set out in the 2008 Announcement (in US\$)

	For the year ended 31 December 2007	For the year ended 31 December 2008	For the 10 months ended 31 October 2009
Sanyang Global Purchase Transaction			
Transaction amount	N.A.	2,057,130	3,402,064
			For the year ending 31 December 2009
Original annual cap	N.A.	7,800,000	10,100,000

For the reasons set out in the “Letter From The Board” and below under the section headed “Reasons For And Bases Of The Proposed Annual Caps For The Group 1 Transactions”, the following new annual caps are to be sought, subject to Independent Shareholders’ approval.

Table G: Proposed annual caps of the Sanyang Global Purchase Transaction to be sought (in US\$)

	For the year ending 31 December 2010	For the year ending 31 December 2011	For the year ending 31 December 2012
Proposed Annual Caps	4,500,000	5,100,000	5,916,000

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2.4 Technology Licence Transaction

As set out in the Prospectus, pursuant to 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.

The Technology Licence Transaction was referred to as "Category 3A" in the Prospectus, the historical transaction values and annual caps of these transactions are set out in the following table:-

Table H: Historical transaction values and existing annual caps of the Technology Licence Transaction as set out in the Prospectus and in the 2008 Announcement (in US\$)

	For the year ended 31 December 2007	For the year ended 31 December 2008	For the 10 months ended 31 October 2009
Technology Licence Transaction			
Transaction amount	5,985,566	5,157,019	4,906,092
			For the year ending 31 December 2009
Original/revised annual cap	6,000,000	7,800,000	10,200,000

For the reasons set out in the "Letter From The Board" and below under the section headed "Reasons For And Bases Of The Proposed Annual Caps For The Group 1 Transactions", the following new annual caps are to be sought, subject to Independent Shareholders' approval.

Table I: Proposed annual caps of the Technology Licence Transaction to be sought (in US\$)

	For the year ending 31 December 2010	For the year ending 31 December 2011	For the year ending 31 December 2012
Proposed Annual Caps	9,500,000	11,000,000	13,000,000

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2.5 VTBM Purchase Transaction

Under the VMEPH VTBM Purchase Agreement, the Group purchases motorbike parts such as, but not necessarily be limited to, 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.

The VTBM Purchase Transaction was referred to as “Category 1B” in the Prospectus, the historical transaction values and annual caps of these transactions are set out in the following table:–

Table J: Historical transaction values and existing annual caps of the VTBM Purchase Transaction as set out in the Prospectus and in the 2008 Announcement (in US\$)

	For the year ended 31 December 2007	For the year ended 31 December 2008	For the 10 months ended 31 October 2009
VTBM Purchase Transaction			
Transaction amount	4,370,093	3,908,724	2,963,041
			For the year ending 31 December 2009
Original/revised annual cap	4,400,000	6,200,000	7,500,000

For the reasons set out in the “Letter From The Board” and below under the section headed “Reasons For And Bases Of The Proposed Annual Caps For The Group 1 Transactions”, the following new annual caps are to be sought, subject to Independent Shareholders’ approval.

Table K: Proposed annual caps of the VTBM Purchase Transaction to be sought (in US\$)

	For the year ending 31 December 2010	For the year ending 31 December 2011	For the year ending 31 December 2012
Proposed Annual Caps	4,300,000	4,900,000	5,700,000

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2.6 Findings on the terms of the Group 1 Transactions

In order to satisfy ourselves that the terms of the continuing connected transactions contemplated under the Group 1 Transactions will be, in general, carried out in the ordinary and usual course of business, are of normal commercial terms and that the terms of such transactions are no less favourable to the Group than those available to Independent Third Parties and where applicable, the pricing thereof will in general, be in line with the prevailing market prices or pre-agreed profit margins, we have reviewed certain recent invoices, costing ledgers and price quotations on comparable motorbike parts submitted by Independent Third Party suppliers and compared the principal terms of these invoices, ledgers and price quotations against those under the Group 1 Transactions. Based on a limited number of recent samples reviewed by us, our findings are as follows:

2.6.1 Sanyang Purchase Transaction (referred to in the Prospectus as Category 1A)

As set out above, the pricing of purchases of motorbike parts is at a cost plus basis and Sanyang charges the Group at the manufacturing cost or purchase cost (as the case may be) plus a margin in the range of 10% (if the import duty of the products purchased is 20% or more) and 15% (if the import duty of the products purchased is less than 20%). Payment term is 30 days after delivery.

Based on our review of the relevant sample invoices and Sanyang's costing ledgers reasonably close to such invoices' dates, we have noted that there are samples which show the margins charged were either below the 10% margin or above the 15% margin. In response to our enquiry, management of Sanyang explained the deviation from such pre-agreed margins was due to the fact that its own internal pricing bases for all the parts are conducted at the beginning of the year, based on the then exchange rates. Sanyang's management also explained that due to the large number of parts involved, it is not commercially justifiable to continuously update such pricing bases, as the year progresses. Details of such explanation are set out in the "Letter From The Board". Thus, should there be significant fluctuation in either costs of materials or exchange rates during the year, it would result in deviation from the 10% and 15% margin, if recent costing ledgers are used as reference.

Following our enquiry, the Supplemental Agreement was entered into to clarify the pricing basis to make it clear that the terms "production cost" and "purchase cost" will be determined on an annual basis subject to adjustments in any annual period with respect to fluctuations in foreign exchange rates and any modifications to any model of motorbikes in which any product to be purchased by the Company pursuant to the VMEPH Purchase Agreement is used going forward.

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Apart from the above, it is also noteworthy that the relevant Sanyang's costing ledgers reviewed by us are in New Taiwan dollars ("NT\$"). However, the actual invoicings of the parts sold by Sanyang to the Group are in US\$. As a result, depending on the relevant NT\$:US\$ exchange rate used and the assumption on the historical costs of the products either manufactured or purchased by Sanyang for its subsequent sale to the Group, actual margins may deviate from the stipulated 10% or 15% margin, albeit not significantly.

2.6.2 Sanyang Distribution Transaction (referred to in the Prospectus as Category 4)

As set out above, 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 customers 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 the Sanyang Group, which it re-sells to end-customers in the Exclusive Territory. The Group is granted a payment term of 30 days after delivery.

Whilst majority of the samples did adhere to this minimum 3.5% profit margin, some samples have profit margins which are below the 3.5%. Following our enquiry about such pricing, management explained the reason for pricing at lower than the 3.5% minimum guaranteed profit margin was because, having considered the local market conditions, certain models of motorbikes or related parts were sold to certain markets in the Exclusive Territory. These markets, as disclosed in the "Letter From The Board", are the Philippines and Cambodia.

Details on the number of transactions entered into which have a profit margin of less than 3.5% and the relevant remedial actions proposed are set out on pages 9 and 10 of the "Letter From The Board". As we have only reviewed samples on a random basis on each category of the Group 1 Transactions (including the Sanyang Distribution Transaction), we are not in a position to confirm or deny such detailed disclosures made by the Board. That said, as a general observation, we take the view that the exchange rate assumed from time to time and the manner in which it is assumed may also have an impact on the calculation of such profit margin.

2.6.3 Sanyang Global Purchase Transaction

For the various motorbike parts such as, but not necessarily be limited to, crank case components, pistons and cylinders to be sourced by Sanyang Global in the PRC on behalf of the Group, Sanyang Global will sell such components to the Group on a market price basis, which we understand from the management of Sanyang, will usually mean

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sourcing cost incurred by Sanyang Global plus a mark-up. We were also given to understand that even with such mark-up, given the combined purchase volume handled by Sanyang Global, the cost to the Group would still be lower than those costs for similar motorbike parts had they been sourced directly by the Group. Payment term is 30 days after delivery.

Based on the samples invoices and price quotations of Independent Third Party suppliers as provided by Sanyang, whilst we noted that majority of the samples have prices below market price quotations as provided by suppliers which are Independent Third Parties, there are samples which show the price charged by Sanyang Global is about the same as market price quotations. In response to our enquiry, Sanyang management explained that even if the cost to the Group is the same, the services provided by Sanyang Global such as inspection, quality control and logistic would not be provided by suppliers who are Independent Third Parties.

2.6.4 Technology Licence Transaction (referred to in the Prospectus as category 3A)

The licence fee as provided for in the Technology Licence Agreement is at 4%, calculated based on the annual net selling price of products manufactured using such technology from Sanyang and sold by VMEP.

The samples we have reviewed consist of an invoice to VMEPH and the detailed calculations with respect to the 4% licence fee for the six-month period ended 30 June 2009 (such licence fee payment is booked semi-annually). We noted that the amount invoiced is substantially the same as the total aggregate licence fee incurred for the six-month period under review, having taken into consideration a minor posting error made by Sanyang.

2.6.5 VTBM Purchase Transaction (referred to in the Prospectus as category 1B)

As set out above, the Group purchases motorbike parts manufactured in Vietnam from VTBM and the pricing at which such motorbike parts are sold is determined by reference to market prices. The Group is required to pay for all purchases in cash within 60 days after the date of delivery.

Sample invoices and price quotations involving Independent Third Parties do contain principal terms which are, in general, consistent with those under the VTBM Purchase Transaction.

LETTER FROM CENTURION

2.6.6 *Our views*

In the light of our above findings with respect to the Sanyang Purchase Transaction, prior to the entering into of the Supplemental Agreement, we were of the view that should it be possible for Sanyang to improve on its existing pricing system, the cost data of such system could be updated more frequently so that it would be better able to reflect the more current cost data of the parts involved. We have noted that in response, the Supplemental Agreement was entered into, which clarifies the annual pricing basis of the parts involved. We have also noted the reasons cited by Sanyang for maintaining its current practice of reviewing and re-determining on an annual basis only the cost data of the parts involved under the Sanyang Purchase Transaction, details of which are set out in the “Letter From The Board”. Whilst we are not in a position to opine on such reasons cited by Sanyang as they relate to Sanyang’s internal cost accounting data and system, we have noted the commercial nature of the reasons cited by Sanyang. Going forward, the Supplemental Agreement will clarify the pricing basis and will make it clear that the relevant cost data will be determined on an annual basis only and in this regard, our concern on when “cost” is determined pursuant to the VMEPH Purchase Agreement has been addressed.

In so far as our above findings with respect to the Sanyang Distribution Transaction are concerned, we noted that certain sales to markets such as the Philippines and Cambodia were at the expense of the 3.5% minimum guaranteed profit margin. Such minimum profit margin is stipulated under the VMEPH Distributorship Agreement. None of these, for the reason cited by the Board, was previously disclosed in any announcement. That said, following our findings, we have also noted the remedial actions proposed by the Board with respect to the Sanyang Distribution Transaction going forward.

In conclusion, for the reason set out below, we do not believe the above findings should become an impediment for the approval of any of the Group 1 Transactions by the Independent Shareholders as sought by the Board.

In view of the Group’s historical relationship with the Sanyang Group in relation to procurement, its reliance on certain technology and trade marks owned by Sanyang, the need of the Group to source motorbike parts from or through Sanyang due to pricing, quality and other supply chain requirements such as quality testing, packaging, customs clearance and logistics services, details of which are set out in the Prospectus and in the “Letter From The Board”, we are in concurrence with the Board that the Group 1 Transactions will 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 will be fair and reasonable and in the interests of the Shareholders as a whole.

3. REASONS FOR AND BASES OF THE PROPOSED ANNUAL CAPS FOR THE GROUP 1 TRANSACTIONS

3.1 Reasons

The Company believes it is in its best interests to carry out the Group 1 Transactions. The reasons for entering into the Group 1 Transactions are set out below:

3.1.1 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.

3.1.2 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.

3.1.3 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

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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.

3.1.4 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 intellectual property rights which enable the Group to continue manufacturing and selling the “SYM” brand motorbikes and related parts is essential to the Group’s operations and continued growth.

3.1.5 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.

3.1.6 Our views

Independent Shareholders should take note of the special and close relationship between the Group and the Sanyang Group, details of which are set out in the Prospectus under the section headed “Relationship With The Sanyang Group”. The Sanyang Group began selling its motorbikes in 1970s in Taiwan. Sanyang, which was incorporated in Taiwan in 1961 with its shares having been listed on the Taiwan Stock Exchange since 29 July 1996, has the depth and breadth in the manufacture of motorbikes and related parts.

The reasons for the Group 1 Transactions (other than the Sanyang Global Purchase Transaction) are also set out in the Prospectus under the section headed “Connected Transaction”. It stated that the Group would purchase parts from Sanyang and not directly from Independent Third Parties suppliers which were also known to the Group because the combined purchase volume of Sanyang and the Group would enable Sanyang to negotiate better terms with those suppliers which in turn, would benefit the Group. We also understand from management of the Company that the whole supply chain arrangement of the Group is driven by a combination of important factors like pricing, quality, logistics services and supports, these are therefore the reasons for the no-exempt continuing connected transactions under the Group 1 Transactions.

LETTER FROM CENTURION

In so far as the Sanyang Global Purchase Transaction is concerned, the Group has been scouring parts in the PRC from Independent Third Parties prior to the establishment of Sanyang Global. The proposal to consolidate these sourcing exercises with that of the Group under Sanyang Global is driven by business and cost reasons and are viewed by the Directors as beneficial to the Group. The fact that Sanyang Global has been sourcing parts in the PRC further supports the reason for the Sanyang Global Purchase Transaction and its annual caps as sought by the Company.

In light of the aforesaid, in particular, the motorbike manufacturing capability of the Sanyang Group, the Group's historical relationship with Sanyang, the need to source parts from or through the Sanyang Group due to pricing, quality, stability of supply and other supply chain factors, given the rising material costs and other prevailing economic circumstances, we are in concurrence with the abovementioned reasons as cited by the Board for the entering into of the Group 1 Transactions and the Proposed Annual Caps.

3.2 Bases

As set out in the "Letter From The Board", the Proposed Annual Caps 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
- indications received from the relevant members of Sanyang Group.

Having considered the aforesaid bases, their underlying assumptions, the effect of the challenging market conditions in Vietnam's motorbike market in 2008 (which resulted in a sharp decline in transaction values, when viewed against the existing annual caps of the Group 1 Transactions), and the recent experience the Group has had in meeting such market demand as set out in its historical transactions prior to the market downturn in 2008, we are in concurrence with the bases cited by the executive Directors in determining the Proposed Annual Caps for the Group 1 Transactions and take the view that such bases are fair and reasonable.

LETTER FROM CENTURION

RECOMMENDATION

Having considered the principal factors and reasons set out above, we consider that the terms of the non-exempt continuing connected transactions under the Group 1 Transactions and the Proposed Annual Caps are carried out in the ordinary and usual course of business, are of normal commercial terms and, on the basis that appropriate remedial actions will be taken as set out above, that the terms of such transactions will be fair and reasonable and in the interests of the Shareholders as a whole. We therefore, advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolutions approving each of the VMEPH Purchase Agreement (as amended by the Supplemental Agreement), VMEPH Distributorship Agreement, VMEPH Sanyang Global Purchase Agreement, Technology Licence Agreement, and the VMEPH VTBM Purchase Agreement, the relevant Group 1 Transactions contemplated thereunder and the Proposed Annual Caps for the three years ending 31 December 2010, 2011 and 2012 respectively, at the EGM.

Yours faithfully,
for and on behalf of
Centurion Corporate Finance Limited
Baldwin LEE
Managing Director

1 RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2 DISCLOSURE OF INTERESTS

(a) Interests of Directors

As at the Latest Practicable Date, the interests and short positions, if any, of each Director and chief executive of the Company in the Shares, underlying shares and debentures of the Company and 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 interests and short positions which the Directors and chief executives were deemed or taken to have under such provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies adopted by the Company (the “Model Code”) were as follows:

Name of director	Name of corporation	Nature of interest	Interests in Shares/ underlying Shares	Total number of ordinary Shares ⁽¹⁾	Approximate percentage of the total voting rights
Chang Kwang Hsiung	The Company	Personal interest	Share options ⁽²⁾ Shares	498,000(L) 50,000(L)	0.06%
Chen Pang Hsiung	The Company	Personal interest	Share options ⁽²⁾	498,000(L)	0.05%
Wang Ching Tung	The Company	Personal interest	Share options ⁽²⁾	398,000(L)	0.04%
Lee Hsi Chun	The Company	Personal interest	Share options ⁽²⁾	398,000(L)	0.04%
Huang Kwang Wu	The Company	Personal interest	Share options ⁽²⁾	498,000(L)	0.05%
Liu Wu Hsiung Harrison	The Company	Personal interest	Share options ⁽²⁾	413,000(L)	0.05%

⁽¹⁾ The letter “L” denotes the entity’s long position in such Shares.

⁽²⁾ The share options will not carry any voting rights until the conversion of such equity interests into Shares upon the exercise of such equity interests.

Save as disclosed above, none of the Directors or the chief executive of the Company had, as at the Latest Practicable Date, 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 would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Interests of substantial shareholders

So far as is known to any Director or the chief executive of the Company, as at the Latest Practicable Date, Shareholders (other than the Directors or the chief executive of the Company) who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Nature of interest	Number of Shares ⁽¹⁾	Approximate percentage of shareholding ⁽²⁾
SYI ⁽³⁾	Corporate interest	548,083,000(L)	60.38%
Sanyang ^{(3) (4)}	Interest in a controlled corporation	548,083,000(L)	60.38%

⁽¹⁾ The letter "L" denotes the entity's long position in such Shares.

⁽²⁾ The relevant percentages have been calculated by reference only to 907,680,000 Shares, being the aggregate number of Shares in issue as at the Latest Practicable Date.

⁽³⁾ SYI is a direct wholly-owned subsidiary of Sanyang and therefore, Sanyang is deemed or taken to be interested in the Shares held by SYI for the purposes of the SFO.

⁽⁴⁾ Mr. Huang Kwang Wu, a Director, is also a director of Sanyang and Mr. Liu Wu Hsiung Harrison, a Director, is also a vice general director of the overseas business division of Sanyang.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified by any persons (other than the Directors or the chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any options in respect of such share capital.

3 COMPETING BUSINESS INTERESTS OF DIRECTORS

As at the Latest Practicable Date, none of the Directors or their respective associates had any interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

4 QUALIFICATION

The following is the qualification of the expert who has given an opinion or advice on the information contained in this circular:

Name	Qualification
Centurion Corporate Finance Limited	a deemed licensed corporation under the SFO permitted to engage in types 1, 4, 6 and 9 of the regulated activities as defined in the SFO

5 CONSENT

Centurion has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they respectively appear herein.

6 MATERIAL ADVERSE CHANGE

The Company is not aware of any material adverse change in the financial or trading position of the Group since 31 December 2008, being the date to which the latest published audited financial statements of the Group were made up.

7 LITIGATION

So far as the Company is aware, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was pending or threatened against the Company or any of its subsidiaries.

8 MISCELLANEOUS

- (a) None of the Directors has entered into or is proposed to enter into a service contract with any member of the Group which does not expire or which is not determinable by such member of the Group within one year without payment of compensation, other than statutory compensation.
- (b) As at the Latest Practicable Date, save as disclosed in this circular, none of the Directors or Centurion was beneficially interested in the share capital of any member of the Group or had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member

of the Group and none had any interest, either directly or indirectly, in any assets which have been, since the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

- (c) As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group, which was subsisting and was significant in relation to the business of the Group.
- (d) The company secretary and the qualified accountant of the Company is Mr. Chan Chi Shing who is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.
- (e) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (f) The principal place of business of the Company in Hong Kong is at Room 2106, 21/F, Technology Plaza, 651 King's Road, North Point, Hong Kong.
- (g) The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited.
- (h) The principal share registrar and transfer office of the Company is Butterfield Fund Services (Cayman) Limited.
- (i) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

9 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the offices of the Company at Room 2106, 21/F., Technology Plaza, 651 King's Road, North Point, Hong Kong from the date of this circular to 28 December 2009 (both days inclusive):

- (a) the VMEPH Purchase Agreement;
- (b) the VMEPH Distributorship Agreement;
- (c) the VMEPH Sanyang Global Purchase Agreement.
- (d) the Technology Licence Agreement;
- (e) the VMEPH VTBM Purchase Agreement; and
- (f) the Supplemental Agreement.

NOTICE OF EGM



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)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of shareholders of Vietnam Manufacturing and Export Processing (Holdings) Limited (the “**Company**”) will be held at 5/F., Pacific Place Conference Centre, One Pacific Place, 88 Queensway, Hong Kong on 3:00 p.m. on Tuesday, 29 December 2009 for the purpose of considering and, if thought fit, passing the following ordinary resolutions:

ORDINARY RESOLUTIONS

1. “**THAT** the agreement (the “**VMEPH Purchase Agreement**”) dated 9 November 2009 and the supplemental agreement to the VMEPH Purchase Agreement (the “**Supplemental Agreement**”) dated 10 December 2009, both entered into between the Company and Sanyang Industry Co., Limited. (“**Sanyang**”) in relation to the purchase of motorbike parts by the Group from Sanyang, the transactions contemplated under the VMEPH Purchase Agreement as amended by the Supplemental Agreement and the proposed annual caps for the years ending 31 December 2010, 2011 and 2012 in respect of the transactions under the VMEPH Purchase Agreement as amended by the Supplemental Agreement be and are hereby approved.”
2. “**THAT** the agreement (the “**VMEPH Distributorship Agreement**”) dated 9 November 2009 and entered into between the Company and Sanyang in relation to the distribution of motorbikes and related parts manufactured by Sanyang Group in the exclusive territory, i.e. 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 (the “**Exclusive Territory**”), the transactions contemplated under the VMEPH Distributorship Agreement and the proposed annual caps for the years ending 31 December 2010, 2011 and 2012 in respect of the transactions under the VMEPH Distributorship Agreement be and are hereby approved.”
3. “**THAT** the agreement (the “**VMEPH Sanyang Global Purchase Agreement**”) dated 9 November 2009 and entered into between the Company and Sanyang Global Co., Ltd. (“**Sanyang Global**”) in relation to the purchase of motorbike parts by the Group from Sanyang Global which are sourced by it from independent third parties, the transactions contemplated under the VMEPH Sanyang Global Purchase Agreement and the proposed annual caps for the years ending 31 December 2010, 2011 and 2012 in respect of the transactions under the VMEPH Sanyang Global Purchase Agreement be and are hereby approved.”

NOTICE OF EGM

4. “**THAT** the proposed annual caps for the years ending 31 December 2010, 2011 and 2012 in respect of the transactions under the agreement (the “**Technology Licence Agreement**”) dated 26 November 2007 and entered into between Vietnam Manufacturing and Export Processing Co., Limited (“**VMEP**”) and Sanyang be and are hereby approved.”
5. “**THAT** the agreement (the “**VMEPH VTBM Purchase Agreement**”) dated 9 November 2009 and entered into between the Company and Vietnam Three Brothers Machinery Industry Company Limited (“**VTBM**”) in relation to the Group’s purchase of motorbike parts manufactured in Vietnam by VTBM, the transactions contemplated under the VMEPH VTBM Purchase Agreement and the proposed annual caps for the years ending 31 December 2010, 2011 and 2012 in respect of the transactions under the VMEPH VTBM Purchase Agreement be and are hereby approved.”

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

Hong Kong, 10 December 2009

Registered Office:

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

Principal Place of Business

in Hong Kong:
Room 2106, 21/F
Technology Plaza
651 King’s Road
North Point
Hong Kong

Notes:

1. The register of members of the Company will be closed from Thursday, 24 December 2009 to Tuesday, 29 December 2009, both days inclusive, during which period no transfer of shares of the Company (the “Shares”) can be registered.
2. Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and to vote in his stead. A proxy need not be a member of the Company. If more than one proxy is appointed, the appointment shall specify the number of Shares in respect of which each such proxy is appointed.
3. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1806-7, 18th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, not less than 48 hours before the time fixed for holding of the meeting or any adjourned meeting.
4. In accordance with Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), Sanyang, the ultimate controlling shareholder of the Company, its subsidiaries and associates (as defined in the Listing Rules) are required to abstain from voting on the above ordinary resolutions.
5. The ordinary resolutions set out above will be determined by way of poll.