

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

CONNECTED TRANSACTION

ACQUISITION OF EQUITY INTEREST IN

C.Q.S. MOLDS INC.

The Board is pleased to announce that on 28 May 2008, VMEP, a direct wholly-owned subsidiary of the Company (as purchaser), entered into the Sale and Purchase Agreement with CQS May's (as vendor) to acquire the entire 30% equity interest held by CQS May's in CQS for a cash consideration of US\$465,000 (equivalent to approximately HK\$3,627,000). As at the date of this announcement, CQS is owned as to 70% by VMEP and 30% by CQS May's. Upon completion of the Sale and Purchase Agreement, CQS will become a wholly-owned subsidiary of VMEP.

As CQS May's holds a 30% equity interest in CQS, it is a substantial shareholder of a subsidiary of the Company and a connected person of the Company pursuant to the Listing Rules. Accordingly, the transaction under the Sale and Purchase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Given that the total consideration is less than HK\$10,000,000 and each of the applicable percentage ratios (other than the profits ratio, which is not applicable) is less than 2.5%, the transaction under the Sale and Purchase Agreement is subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Directors, including the independent non-executive Directors, consider that the Sale and Purchase Agreement has been entered into on normal commercial terms which are fair and reasonable and in the interests of the Shareholders as a whole.

SALE AND PURCHASE AGREEMENT

The Board announces that on 28 May 2008, VMEP, a direct wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with CQS May's to acquire the entire 30% equity interest held by CQS May's in CQS for a cash consideration of US\$465,000 (equivalent to approximately HK\$3,627,000).

Date: 28 May 2008

Parties:

Vendor: CQS May's

Purchaser: VMEP

Subject: Pursuant to the Sale and Purchase Agreement, VMEP agreed to acquire the Sale Interest, being the entire 30% equity interest held by CQS May's in CQS.

Upon completion of the Sale and Purchase Agreement, CQS will become a wholly-owned subsidiary of VMEP.

Consideration: The consideration of US\$465,000 (equivalent to approximately HK\$3,627,000) was agreed between the parties based on arm's length negotiations and by reference to, among other things, the valuation of the net assets of CQS of US\$1,553,299 (equivalent to approximately HK\$12,115,732) as at 31 December 2007. The acquisition will be funded by the Group's internal resources.

When CQS was incorporated, CQS May's subscribed for a 30% equity interest in the registered capital of CQS at a consideration of US\$360,000 (equivalent to approximately HK\$2,808,000).

Payment schedule: The consideration shall be paid by VMEP in cash to CQS May's in the following manner:

- (i) A deposit of US\$360,000 (equivalent to approximately HK\$2,808,000), which represents approximately 77% of the consideration, to be paid within 7 (seven) days after execution of the Sale and Purchase Agreement; and
- (ii) US\$105,000 (equivalent to approximately HK\$819,000), which represents the balance of the consideration, to be paid on the date of the completion of the registration procedures regarding the transfer of the Sale Interest.

REASONS FOR AND BENEFITS OF THE SALE AND PURCHASE AGREEMENT

Save as disclosed herein, the Company did not have any transactions or relationships with CQS May's or any of its ultimate shareholders which required aggregation under Rule 14A.25 of the Listing Rules.

Prior to the completion of the Sale and Purchase Agreement, CQS is a 70% non-wholly owned subsidiary of VMEP. Pursuant to the Sale and Purchase Agreement, VMEP will acquire the remaining 30% equity interest in CQS and upon completion, CQS will become a wholly-owned subsidiary of VMEP. Its financial results have been and will continue to be consolidated into the financial statements of the Group after the completion of the Acquisition.

By acquiring the Sale Interest, VMEP will have full control over CQS as its sole shareholder. The acquisition will allow VMEP to manage CQS more closely and exercise full control over CQS's operations. In addition, the Group intends to increase its managerial and capital support to CQS after the Acquisition, with a view to increasing its profitability.

The Directors, including the independent non-executive Directors, consider that the Sale and Purchase Agreement has been entered into on normal commercial terms which are fair and reasonable and in the interests of the Shareholders as a whole.

INFORMATION ON CQS

CQS was established on 14 June 2002 in Vietnam. Its registered capital is US\$1,200,000 (equivalent to approximately HK\$9,360,000). It is engaged in the manufacture of motorbike engines, moulds and jigs for supply to VMEP and is held as to 70% by VMEP and 30% by CQS May's immediately prior to the completion of the Acquisition.

For the two financial years ended 31 December 2007, the audited (in accordance with Vietnam GAAP) net profits of CQS before and after tax are as follows:

1. For the financial year ended 31 December 2006:
 - (a) Net profit before tax: US\$40,609 (equivalent to approximately HK\$316,750)
 - (b) Net profit after tax: US\$40,609 (equivalent to approximately HK\$316,750)
2. For the financial year ended 31 December 2007:
 - (a) Net profit before tax: US\$147,416 (equivalent to approximately HK\$1,149,845)
 - (b) Net profit after tax: US\$147,416 (equivalent to approximately HK\$1,149,845)

As at 31 December 2007, the audited (in accordance with Vietnam GAAP) net assets of CQS was US\$1,553,299 (equivalent to approximately HK\$12,115,732).

INFORMATION ON THE GROUP AND CQS MAY'S

The Group is principally engaged in the manufacture of scooter and cub motorbikes in Vietnam.

CQS May's is 83.2% owned by Mrs. Chang Hsiu Mei (張琇梅) and 16.8% owned by Mr. Tai Shing Yu (戴勝裕), all of whom are Independent Third Parties. CQS May's is principally engaged in the manufacture of motorbike parts and motor car parts.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CQS May's holds a 30% equity interest in CQS and, therefore, is a substantial shareholder of a subsidiary of the Company and a connected person of the Company pursuant to the Listing Rules. Accordingly, the transaction under the Sale and Purchase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Given that the total consideration is less than HK\$10,000,000 and each of the applicable percentage ratios (other than the profits ratio, which is not applicable) is less than 2.5%, the transaction under the Sale and Purchase Agreement is subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Acquisition”	the acquisition of the Sale Interest pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors
“Company”	Vietnam Manufacturing and Export Processing (Holdings) Limited, a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange
“CQS”	C.Q.S. Molds Inc., a wholly foreign-invested enterprise incorporated in Vietnam on 14 June 2002, which is 70% owned by VMEP and 30% owned by CQS May's as at the date of this announcement
“CQS May's”	C.Q.S. May's, a company incorporated in Vietnam on 19 January 2001, which holds a 30% interest in CQS and is 83.2% owned by Mrs. Chang Hsiu Mei (張琇梅) and 16.8% owned by Mr. Tai Shing Yu (戴勝裕), all of whom are Independent Third Parties
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	person(s) or entity/(ies) who/which are not connected persons of the Company within the meaning of the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“percentage ratios”	the percentage ratios calculated based on the requirements under Rule 14.07 of the Listing Rules
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between VMEP and CQS May’s on 28 May 2008 in relation to the Acquisition
“Sale Interest”	an aggregate of 30% equity interest in CQS held by CQS May’s which is the subject of the transaction under the Sale and Purchase Agreement
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“Vietnam GAAP”	the generally accepted accounting principles in Vietnam
“VMEP”	Vietnam Manufacturing and Export Processing Co., Limited, a wholly foreign-invested company incorporated in Vietnam on 25 March 1992 and a wholly-owned subsidiary of the Company
“%”	percent

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

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

Hong Kong, 28 May 2008