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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)**

### **REVISION OF ANNUAL CAPS FOR EXISTING CONTINUING CONNECTED TRANSACTIONS**

**AND**

### **NEW CONTINUING CONNECTED TRANSACTION**

#### **Existing Continuing Connected Transactions**

Reference is made to the Company's announcements dated 25 August 2010, 20 August 2010 and 9 November 2009 in relation to the VMEPH Distributorship Agreement, the VMEPH Sanyang Global Purchase Agreement, the VMEPH Purchase Agreement and the VMEPH VTBM Purchase Agreement.

With the continued development of the Group's business operations, recent appreciation in value of Asian currencies, increase in raw material costs, and expected increase in demand for the Group's products based on internal estimates, the Company expects that the Original Annual Caps which had previously been set for the Existing Continuing Connected Transactions for the two years ending 31 December 2011 and 31 December 2012, respectively would be exceeded. The Board therefore proposes to revise the Original Annual Caps in relation to the VMEPH Distributorship Agreement, the VMEPH Sanyang Global Purchase Agreement, the VMEPH Purchase Agreement and the VMEPH VTBM Purchase Agreement for those two years.

#### **New Continuing Connected Transaction**

On 28 March 2011, the Company and Full Ta (being a subsidiary of Sanyang) entered into the VMEPH Full Ta Purchase Agreement pursuant to which Full Ta agrees to supply certain motorbike parts to the Group for a term commencing from 28 March 2011 and ending on 31 December 2012.

#### **Listing Rules implications**

As Sanyang is an indirect substantial shareholder of the Company and thus a connected person of the Company by virtue of Rule 14A.11(1) of the Listing Rules, members of the Sanyang Group are also connected persons to the Company. Accordingly, the transactions under the VMEPH Distributorship

Agreement, VMEPH Sanyang Global Purchase Agreement, the VMEPH Purchase Agreement, the VMEPH VTBM Purchase Agreement and the VMEPH Full Ta Purchase Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As certain applicable percentage ratios for the Revised Annual Caps for the VMEPH Distributorship Agreement exceed 5%, transactions entered into pursuant to the VMEPH Distributorship Agreement will constitute non-exempt continuing connected transactions of the Company subject to the reporting, annual review, announcement and independent shareholders' approval requirements under the Listing Rules.

On the basis that the relevant transactions are entered into with Sanyang or members of the Sanyang Group which involve sourcing of motorbike parts from Sanyang Group to be used for the Group's manufacturing process, the transactions under the VMEPH Sanyang Global Purchase Agreement, the VMEPH VTBM Purchase Agreement, the VMEPH Purchase Agreement and the VMEPH Full Ta Purchase Agreement have been aggregated pursuant to Rule 14A.25 of the Listing Rules. As certain applicable percentage ratios of all the aforesaid transactions on an aggregate basis exceed 5%, the VMEPH Sanyang Global Purchase Agreement, the VMEPH VTBM Purchase Agreement, the VMEPH Purchase Agreement and the VMEPH Full Ta Purchase Agreement will constitute non-exempt continuing connected transactions of the Company that are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **The Extraordinary General Meeting**

An extraordinary general meeting will be convened by the Company with a view to seeking approval of the Revised Annual Caps for Existing Continuing Connected Transactions, the VMEPH Full Ta Purchase Agreement and the proposed annual caps for the VMEPH Full Ta Purchase Agreement for 2011 and 2012 from the independent shareholders of the Company in accordance with the requirements of the Listing Rules.

Centurion Corporate Finance Limited has been appointed as the independent financial adviser to advise the independent board committee and the independent shareholders in relation to the terms of the Existing Continuing Connected Transactions and their respective Revised Annual Caps, the VMEPH Full Ta Purchase Agreement and the proposed annual caps for VMEPH Full Ta Purchase Agreement for 2011 and 2012.

A circular containing, among other things, further details of the Revised Annual Caps for Existing Continuing Connected Transactions, the VMEPH Full Ta Purchase Agreement and the proposed annual caps for VMEPH Full Ta Purchase Agreement for 2011 and 2012, a letter from the independent board committee to the independent shareholders in respect of the Revised Annual Caps for Existing Continuing Connected Transactions, the VMEPH Full Ta Purchase Agreement and the proposed annual caps for VMEPH Full Ta Purchase Agreement for 2011 and 2012, a letter from the independent financial adviser to the independent board committee and the independent shareholders in respect of the Revised Annual Caps for Existing Continuing Connected Transactions, the VMEPH Full Ta Purchase Agreement and the proposed annual caps for VMEPH Full Ta Purchase Agreement for 2011 and 2012, and a notice convening the extraordinary general meeting, will be dispatched to the Shareholders as soon as practicable on or before 19 April 2011 in accordance with the requirements of the Listing Rules.

## **THE EXISTING CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcements of the Company dated 25 August 2010, 20 August 2010, and 9 November 2009 in relation to, among other things, the Existing Continuing Connected Transactions as set out under the VMEPH Distributorship Agreement, the VMEPH Sanyang Global Purchase Agreement, the VMEPH Purchase Agreement and the VMEPH VTBM Purchase Agreement.

### **VMEPH Distributorship Agreement**

On 9 November 2009, the Company entered into the VMEPH Distributorship Agreement with Sanyang for a term of three years commencing from 1 January 2010 in relation to, among others, the Group's exclusive distributorship 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).

Under the VMEPH Distributorship Agreement, the Group only purchases products from the Sanyang Group when confirmed customer orders are received and the products being purchased are restricted to those models of motorbikes which are not produced by the Group. The 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 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 required to pay for all purchases made under the VMEPH Distributorship Agreement in cash within 30 days after the date of delivery.

#### **VMEPH Sanyang Global Purchase Agreement**

On 9 November 2009, the Group entered into the VMEPH Sanyang Global Purchase Agreement with Sanyang Global for a term of three years commencing from 1 January 2010 in relation to, among others, the purchase of certain motorbike parts by the Group from Sanyang Global.

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 motorbike parts being supplied under this 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.

#### **VMEPH Purchase Agreement**

On 9 November 2009, the Company entered into the VMEPH Purchase Agreement with Sanyang for a term of three years commencing from 1 January 2010 in relation to, among others, the purchase of motorbike parts by the Group from Sanyang which are either manufactured by Sanyang or sourced by it from Independent Third Parties.

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 or sourced by it from Independent Third Parties. The pricing of motorbike parts being supplied under this agreement is on 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.

#### **VMEPH VTBM Purchase Agreement**

On 9 November 2009, the Company entered into the VMEPH VTBM Purchase Agreement with VTBM for a term of three years commencing from 1 January 2010 in relation to, among others, the purchase of motorbike parts from VTBM.

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 of motorbike parts sold by VTBM to the Group under this agreement 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.

#### **Historical Amounts**

The Company entered into the VMEPH Distributorship Agreement, the VMEPH Sanyang Global Purchase Agreement, the VMEPH Purchase Agreement and the VMEPH VTBM Purchase Agreement

on 9 November 2009. Please refer to the Company's announcement dated 9 November 2009 for the initial annual caps for the Existing Continuing Connected Transactions for the financial year ended 31 December 2010 and the financial years ending 31 December 2011 and 2012, respectively as proposed by the Board at the time when those agreements were entered into.

Pursuant to the announcements dated 20 August 2010 and 25 August 2010, the Board revised the respective initial annual caps for the transactions under the VMEPH Distributorship Agreement and the Sanyang Global Purchase Agreement.

The Original Annual Caps and the historical transaction amounts for the Existing Continuing Connected Transactions for the year ended 31 December 2010 are set out as follows:

	<b>Original Annual Caps for the year ended 31 December 2010 (as revised by the Company's announcements dated 25 August 2010 and 20 August 2010, where applicable)</b>	<b>Actual transaction amount for the year ended 31 December 2010 (based on the preliminary results announcement of the Company dated 25 March 2011)</b>
<b>VMEPH Distributorship Agreement</b>	US\$10,000,000 (equivalent to approximately HK\$78,000,000)	US\$9,538,244 (equivalent to approximately HK\$74,398,303)
<b>VMEPH Sanyang Global Purchase Agreement</b>	US\$8,100,000 (equivalent to approximately HK\$63,180,000)	US\$7,105,699 (equivalent to approximately HK\$55,424,452)
<b>VMEPH Purchase Agreement</b>	US\$8,900,000 (equivalent to approximately HK\$69,420,000)	US\$8,882,518 (equivalent to approximately HK\$69,283,640)
<b>VMEPH VTBM Purchase Agreement</b>	US\$4,300,000 (equivalent to approximately HK\$33,540,000)	US\$4,296,635 (equivalent to approximately HK\$33,513,753)

### Revised Annual Caps

Based on the Group's latest unaudited management accounts for the two months ended 28 February 2011, the Company expects that the Original Annual Caps will not be sufficient for the expected sales of the Group for the financial years ending 31 December 2011 and 2012, respectively. The Board therefore proposes to further revise the Original Annual Caps in relation to (i) the distribution of motorbike and related parts manufactured by Sanyang Group in the Exclusive Territory under the VMEPH Distributorship Agreement; (ii) the purchase of motorbike parts by the Group from Sanyang Global under the VMEPH Sanyang Global Purchase Agreement; (iii) the purchase of motorbike parts from Sanyang under VMEPH Purchase Agreement and (iv) the purchase of motorbike parts from VTBM under the VMEPH VTBM Purchase Agreement for the financial years ending 31 December 2011 and 2012, respectively.

The actual transaction amounts up to 28 February 2011 of the Existing Continuing Connected Transactions, and the Original Annual Caps and the Revised Annual Caps proposed by the Board are as follows:

		<b>For the for the two months ended 28 February 2011 (base on unaudited management)</b>	<b>For the year ending 31 December 2011</b>	<b>For the year ending 31 December 2012</b>

		accounts)		
<b>VMEPH Distributorship Agreement</b>	Actual transaction amount	US\$1,346,220 (equivalent to approximately HK\$10,500,516)	-	-
	Original Annual Caps for VMEPH Distributorship Agreement	-	US\$10,000,000 (equivalent to approximately HK\$78,000,000)	US\$10,000,000 (equivalent to approximately HK\$78,000,000)
	Revised Annual Caps for VMEPH Distributorship Agreement	-	US\$13,000,000 (equivalent to approximately HK\$101,400,000)	US\$14,500,000 (equivalent to approximately HK\$113,100,000)
<b>VMEPH Sanyang Global Purchase Agreement</b>	Actual transaction amount	US\$1,236,569 (equivalent to approximately HK\$9,645,238)	-	-
	Original Annual Caps for VMEPH Sanyang Global Purchase Agreement	-	US\$9,500,000 (equivalent to approximately HK\$74,100,000)	US\$10,000,000 (equivalent to approximately HK\$78,000,000)
	Revised Annual Caps for VMEPH Sanyang Global Purchase Agreement	-	US\$12,500,000 (equivalent to approximately HK\$97,500,000)	US\$14,000,000 (equivalent to approximately HK\$109,200,000)
<b>VMEPH Purchase Agreement</b>	Actual transaction amount	US\$3,272,766 (equivalent to approximately HK\$25,527,575)	-	-
	Original Annual Caps for VMEPH Purchase Agreement	-	US\$10,000,000 (equivalent to approximately HK\$78,000,000)	US\$11,000,000 (equivalent to approximately HK\$85,800,000)
	Revised Annual Caps for VMEPH Purchase Agreement	-	US\$18,000,000 (equivalent to approximately HK\$140,400,000)	US\$21,000,000 (equivalent to approximately HK\$163,800,000)
<b>VMEPH VTBM Purchase Agreement</b>	Actual transaction amount	US\$1,176,928 (equivalent to approximately HK\$9,180,038)	-	-
	Original Annual Caps for VMEPH VTBM Purchase Agreement	-	US\$4,900,000 (equivalent to approximately HK\$38,220,000)	US\$5,700,000 (equivalent to approximately HK\$44,460,000)

	Revised Annual Caps for VMEPH VTBM Purchase Agreement	-	US\$6,000,000 (equivalent to approximately HK\$46,800,000)	US\$7,000,000 (equivalent to approximately HK\$54,600,000)
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## REASONS FOR AND BENEFITS OF THE REVISED CAPS

The Group manufactures various types of scooters and cubs to cope with different customer demand so as to raise its market share. By strengthening its distribution network and motorbike parts sourcing network, the Group's responsiveness to customer demand and market changes will be enhanced. Therefore, under the Revised Annual Caps, the expected increased volumes of motorbikes to be distributed under VMEPH Distributorship Agreement, the increase in value of motorbike parts sourced under VMEPH Sanyang Global Purchase Agreement, the expected increase in transaction volume under the VMEPH Purchase Agreement and the expected increase in the value of the motorbike parts purchased under VMEPH VTBM Purchase Agreement will enable the Group to meet different customer demands across South-east Asia and thus increase its market share, and the same time, to maintain its competitive edge in having lower production costs.

In determining the Revised Annual Caps for VMEPH Distributorship Agreement, the Board took into account the historical transaction amounts for the two months ended on 28 February 2011, and the expected increase in sales of specific models in Malaysia, the Philippines and Thailand. The Group's purchases of motorbikes (for reselling) under the VMEPH Distributorship Agreement during the first two months ended 28 February 2011 was US\$1,346,220, which represents an increase of approximately 82% compared with the same period in 2010.

In determining the Revised Annual Caps for VMEPH Sanyang Global Purchase Agreement, the Board took into account the historical transaction amounts for the two months ended on 28 February 2011, the expected increase in export sales of engines and motorbikes starting in the second half of 2011 when the peak season of sales starts, the rising costs of motorbike parts sourced from Sanyang Global and the constant appreciation of Renminbi. The Group's purchase under the VMEPH Sanyang Global Purchase Agreement during the first two months ended 28 February 2011 was US\$1,236,569, which represents an increase of approximately 19% compared with the same period in 2010.

In determining the Revised Annual Caps for VMEPH Purchase Agreement, the Board took into account the historical transaction amounts for the two months ended on 28 February 2011, the constantly rising costs of raw materials, the expected general increase in sales (both motorbike parts and motorbikes), the sharp appreciation of New Taiwan Dollars since the end of 2010, and the rising market demand for high-tech environmental-friendly products, especially models powered by electronic fuel injection engines which are more costly to manufacture. The Group's purchase under the VMEPH Purchase Agreement during the first two months ended 28 February 2011 was US\$3,272,766, which represents an increase of approximately 180% compared with the same period in 2010, or approximately 33% of the Original Annual Cap for VMEPH Purchase Agreement for 2011.

In determining the Revised Annual Caps for VMEPH VTBM Purchase Agreement, the Board took into account the historical transaction amounts for the two months ended on 28 February 2011, the recovery of the motorbike market, the expected increase in sales of both motorbike parts and motorbikes, and the increase in production costs driven by the sharp increase in raw material prices. The Group's purchase under the VMEPH VTBM Purchase Agreement during the first two months ended 28 February 2011 was US\$1,176,928, which represents an increase of approximately 42% compared with the same period in 2010, or approximately 24% of the Original Annual Cap for VMEPH VTBM Purchase Agreement for 2011.

As at the date of this announcement, based on the Group's latest unaudited management accounts for two months ended 28 February 2011, the actual transaction amounts in relation to Existing Continuing Connected Transactions have not yet exceeded the relevant Original Annual Caps.

## NEW CONTINUING CONNECTION TRANSACTION

## **VMEPH Full Ta Purchase Agreement**

### **Date**

28 March 2011

### **Contracting Parties**

(a) the Company (as the purchaser) and

(b) Full Ta (the seller)

### **Term**

28 March 2011 to 31 December 2012

### **Principal Terms**

The Company may, whether itself or through any entities in the Group, purchase from Full Ta motorbike parts required for its production.

### **Price**

Products are to be sold at their then prevailing market prices which are to be not less favourable to the Company or the Group (as the case may be) compared to prices charged by suppliers who are Independent Third Parties, and payment is to be made within 60 days after the date of delivery, after which interest will be charged against the Company (or the Group, as the case may be).

### **Proposed Annual Caps**

The Board has considered and resolved that the annual caps for the VMEPH Full Ta Purchase Agreement for the two years ending 31 December 2011 and 2012 are to be set as follows:

	<b>For the year ending 31 December 2011</b>	<b>For the year ending 31 December 2012</b>
Proposed annual caps	US\$1,600,000 (equivalent to approximately HK\$12,480,000)	US\$2,500,000 (equivalent to approximately HK\$19,500,000)

When setting the proposed annual caps, the Company took into account the comparable prices for motorbike parts sourced from other suppliers, and the internal estimate of supplies to be switched from VTBM and other manufacturers to Full Ta for reasons as further explained below. The Company also considered the historical growth rates of the turnover of the Group and the historical transaction amounts of the similar purchases, the internal target turnover for 2011 and 2012, certain discussions with Full Ta on pricing of their products and also the evaluation by VMEP's purchase department.

### **Reasons for and Benefits of the VMEPH Full Ta Purchase Agreement**

The Company has been purchasing motorbike parts from VTBM and other manufacturers in the northern part of Vietnam. However, as the Company's manufacturing plant is located in the southern part of Vietnam and that translates to the average delivery time of four days ex-factory from the current suppliers to the manufacturing plant of the Company, and in view of the constant increase in petrol price, the Company intends to reduce both the transportation costs and delivery time by purchasing motorbike parts from Full Ta, whose manufacturing plant is much closer to that of the Company's. This will also increase the flexibility of the Company in meeting unexpected surges in orders or other market contingencies. In choosing Full Ta as a supplier of motorbike parts, the Company also took into account Full Ta's general production capacity and relevant experience in supplying motorbike parts to motorbike manufacturers. Full Ta's capability to meet our production needs is also a crucial factor that our Company has considered.

## **DIRECTORS' VIEW**

Mr. Chang Kwang Hsiung, Mr. Lou Hen Wen and Mr. Lee Hsi Chun have a 0.0012%, 0.0224% and 0.0002% shareholding in Sanyang, respectively. Mr. Chiang Shih Huang serves on the boards of both Sanyang and the Company, while Mr. Liu Wu Hsiung Harrison serves on the board of the Company and is an employee of Sanyang. Therefore pursuant to the Articles of Association of the Company, these five Directors abstained from voting to approve the Revised Annual Caps, the VMEPH Full Ta Purchase Agreement and its proposed annual caps for 2011 and 2012 due to the aforesaid overlapping of roles and shareholding interests in Sanyang.

The Board (excluding the independent non-executive Directors who will express their view after receiving advice from the independent financial adviser of the Company) are of the view that the Existing Continuing Connected Transactions have been entered into in the ordinary and usual course of the business of the Group, that the VMEPH Distributorship Agreement, the VMEPH Sanyang Global Purchase Agreement, the VMEPH VTBM Purchase Agreement and the VMEPH Purchase Agreement are based on normal commercial terms, that the Existing Continuing Connected Transactions and their respective Revised Annual Caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Board (excluding the independent non-executive Directors who will express their view after receiving advice from the independent financial adviser of the Company) are of the view that the VMEPH Full Ta Purchase Agreement has been entered into in the ordinary and usual course of the business of the Group, that the agreement have been negotiated on an arm's length basis and is based on normal commercial terms, that the VMEPH Full Ta Purchase Agreement and its proposed annual caps for the two years ending 31 December 2011 and 2012 are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **INFORMATION OF THE GROUP AND SANYANG GROUP**

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

As at the date of this announcement, Sanyang, through its wholly-owned subsidiary, SYI, held 608,318,000 issued ordinary shares in the Company (approximately 67.02% of the issued share capital of the Company) and thus, is an indirect substantial shareholder of the Company. Therefore, members of the Sanyang Group are connected persons of the Company.

Sanyang, together with its subsidiaries, is principally engaged in the manufacturing of (i) motorbikes and related parts and (ii) motor cars, trucks and related parts. Sanyang Global is an entity incorporated in the PRC and an indirect wholly-owned subsidiary of Sanyang and therefore a member of the Sanyang Group.

VTBM is held as to 31% by VMEP and 69% by Three Brothers Taiwan, a non-wholly owned subsidiary of Sanyang. Therefore VTBM is a non-wholly owned subsidiary of Sanyang and is thus a connected person of the Company.

Full Ta specialises in the production of various motorbike parts. Its manufacturing centre in Vietnam is located near Hanoi. Full Ta is held as to 51% by Three Brothers Taiwan, a non-wholly owned subsidiary of Sanyang. Therefore, Full Ta is a non-wholly owned subsidiary of Sanyang and is thus a connected person of the Company.

## **IMPLICATION UNDER THE LISTING RULES**

Pursuant to the Listing Rules, if the Company proposes to revise the annual caps for the Existing Continuing Connected Transactions, it is required to comply with the provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transactions.

As Sanyang is an indirect substantial shareholder of the Company and thus a connected person of the Company by virtue of Rule 14A.11(1) of the Listing Rules, members of the Sanyang Group are also connected persons to the Company. Accordingly, the transactions under the VMEPH Distributorship



Agreement, VMEPH Sanyang Global Purchase Agreement, the VMEPH Purchase Agreement, the VMEPH VTBM Purchase Agreement and the VMEPH Full Ta Purchase Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As certain applicable percentage ratios for the Revised Annual Caps for the VMEPH Distributorship Agreement exceed 5%, transactions entered into pursuant to the VMEPH Distributorship Agreement will constitute non-exempt continuing connected transactions of the Company subject to the reporting, annual review, announcement and independent shareholders' approval requirements under the Listing Rules.

On the basis that the relevant transactions are entered into with Sanyang or members of the Sanyang Group which involve sourcing of motorbike parts from Sanyang Group to be used for the Group's manufacturing process, the transactions under the VMEPH Sanyang Global Purchase Agreement, the VMEPH VTBM Purchase Agreement, the VMEPH Purchase Agreement and the VMEPH Full Ta Purchase Agreement have been aggregated pursuant to Rule 14A.25 of the Listing Rules. As certain applicable percentage ratios of all the aforesaid transactions on an aggregate basis exceed 5%, the VMEPH Sanyang Global Purchase Agreement, the VMEPH VTBM Purchase Agreement, the VMEPH Purchase Agreement and the VMEPH Full Ta Purchase Agreement will constitute non-exempt continuing connected transactions of the Company that are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, there is no other continuing transaction entered into among any member of the Group and the Sanyang Group, which would, together with the transactions contemplated under the Existing Continuing Connected Transactions and the VMEPH Full Ta Purchase Agreement, be required to be aggregated under Rule 14A.25 of the Listing Rules.

## **THE EXTRAORDINARY GENERAL MEETING**

An extraordinary general meeting will be convened by the Company with a view to seeking approval of the Revised Annual Caps for Existing Continuing Connected Transactions, the VMEPH Full Ta Purchase Agreement and the proposed annual caps for the VMEPH Full Ta Purchase Agreement for 2011 and 2012 from the independent shareholders of the Company in accordance with the requirements of the Listing Rules. As Sanyang, either itself or its associates, being the counterparty to all the abovementioned transactions, is materially interested in those transactions, Sanyang and its associates will abstain from voting in the resolutions to be proposed at the extraordinary general meeting to be convened for approving the above matters.

An independent board committee has been established to consider the Revised Annual Caps for Existing Continuing Connected Transactions, the VMEPH Full Ta Purchase Agreement and the proposed annual caps for the VMEPH Full Ta Purchase Agreement for 2011 and 2012. Centurion Corporate Finance Limited has been appointed by the Company as its independent financial adviser to advise the independent board committee and the independent shareholders of the Company in respect of the above matters.

A circular containing, among other things, further details of the Revised Annual Caps for Existing Continuing Connected Transactions, the VMEPH Full Ta Purchase Agreement and the proposed annual caps for VMEPH Full Ta Purchase Agreement for 2011 and 2012, a letter from the independent board committee to the independent shareholders in respect of the Revised Annual Caps for Existing Continuing Connected Transactions, the VMEPH Full Ta Purchase Agreement and the proposed annual caps for VMEPH Full Ta Purchase Agreement for 2011 and 2012, a letter from the independent financial adviser to the independent board committee and the independent shareholders in respect of the Revised Annual Caps for Existing Continuing Connected Transactions, the VMEPH Full Ta Purchase Agreement and the proposed annual caps for VMEPH Full Ta Purchase Agreement for 2011 and 2012, and a notice convening the extraordinary general meeting, will be dispatched to the Shareholders as soon as practicable on or before 19 April 2011 in accordance with the requirements of the Listing Rules.

## **DEFINITIONS**

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

“%”	per cent.
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors the Company
“Company” or “VMEPH”	Vietnam Manufacturing and Export Processing (Holdings) Limited (越南製造加工出口(控股)有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“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
“Existing Continuing Connected Transactions”	transactions with terms as set out under VMEPH Distributorship Agreement, VMEPH Sanyang Global Purchase Agreement, VMEPH Purchase Agreement and VMEPH VTBM Purchase Agreement
“Full Ta”	Hanoi Full Ta Precision Company Limited, a company incorporated in Vietnam which is a subsidiary of Sanyang
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful current of the Hong Kong Special Administrative Region
“Independent Third Parties”	persons or entities who/which are not connected persons within the meaning of the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Original Annual Caps”	the Original Annual Caps for VMEPH Distributorship Agreement, Original Annual Caps for VMEPH Sanyang Global Purchase Agreement, Original Annual Caps for VMEPH Purchase Agreement and Original Annual Caps for VMEPH VTBM Purchase Agreement
“Original Annual Caps for VMEPH Distributorship Agreement”	the original annual cap amounts for the VMEPH Distributorship Agreement for the two years ending 31 December 2011 and 31 December 2012 respectively (as revised by the Company’s announcements dated 25 August 2010 and 20 August 2010)
“Original Annual Caps for VMEPH Purchase Agreement”	the original annual cap amounts for the VMEPH Purchase Agreement for the two years ending 31 December 2011 and 31 December 2012 respectively

“Original Annual Caps for VMEPH Sanyang Global Purchase Agreement”	the original annual cap amounts for the VMEPH Sanyang Global Purchase Agreement for the two years ending 31 December 2011 and 31 December 2012 respectively (as revised by the Company’s announcements dated 20 August 2010)
“Original Annual Caps for VMEPH VTBM Purchase Agreement”	the original annual cap amounts for the VMEPH VTBM Purchase Agreement for the two years ending 31 December 2011 and 31 December 2012 respectively
“PRC”	the People’s Republic of China and for the purpose of this announcement, excludes Taiwan, the Macau Special Administrative Region and the Hong Kong Special Administrative Region
“Revised Annual Caps”	Revised Annual Caps for VMEPH Distributorship Agreement, Revised Annual Caps for VMEPH Sanyang Global Purchase Agreement, Revised Annual Caps for VMEPH Purchase Agreement and Revised Annual Caps for VMEPH VTBM Purchase Agreement
“Revised Annual Caps for VMEPH Distributorship Agreement”	the revised annual cap amounts proposed by the Company in respect of the VMEPH Distributorship Agreement, being US\$13,000,000 (equivalent to approximately HK\$101,400,000) and US\$14,500,000 (equivalent to approximately HK\$113,100,000) for the two years ending 31 December 2011 and 31 December 2012 respectively
“Revised Annual Caps for VMEPH Purchase Agreement”	the revised annual cap amounts proposed by the Company in respect of the VMEPH Purchase Agreement, being US\$18,000,000 (equivalent to approximately HK\$140,400,000) and US\$21,000,000 (equivalent to approximately HK\$163,800,000) for the two years ending 31 December 2011 and 31 December 2012 respectively
“Revised Annual Caps for VMEPH Sanyang Global Purchase Agreement”	the revised annual cap amounts proposed by the Company in respect of the VMEPH Sanyang Global Purchase Agreement, being US\$12,500,000 (equivalent to approximately HK\$97,500,000) and US\$14,000,000 (equivalent to approximately HK\$109,200,000) for the two years ending 31 December 2011 and 31 December 2012 respectively
“Revised Annual Caps for VMEPH VTBM Purchase Agreement”	the revised annual cap amounts proposed by the Company in respect of the VMEPH VTBM Purchase Agreement, being US\$6,000,000 (equivalent to approximately HK\$46,800,000) and US\$7,000,000 (equivalent to approximately HK\$54,600,000) for the two years ending 31 December 2011 and 31 December 2012 respectively
“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, which is the ultimate controlling shareholder of the Company
“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 Group”	Sanyang and its subsidiaries from time to time (excluding the Group)
“Shareholder(s)”	holder of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SYI”	SY International Ltd., a company incorporated in Samoa with limited liability and a direct controlling shareholder of the Company
“Three Brothers Taiwan”	Three Brothers Machinery Industry Company Limited, Taiwan, a company incorporated in Taiwan and a subsidiary of Sanyang
“US\$” or “US dollar”	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 exclusive distribution by the Group of motorbikes and related parts manufactured by Sanyang Group in the Exclusive Territory (excluding Vietnam, unless the motorbikes are resold in Vietnam for exhibition purposes)
“VMEPH Full Ta Purchase Agreement”	the agreement dated 28 March 2011 entered into between the Company and Full Ta in relation to the supply of certain motorbike parts by Full Ta to the Company and the Group
“VMEPH Purchase Agreement”	the agreement dated 9 November 2009 entered into between the Company and Sanyang in relation to the Group purchasing certain motorbike parts from Sanyang
“VMEPH Sanyang Global Purchase Agreement”	the agreement dated 9 November 2009 entered into between the Company and Sanyang Global in relation to the purchase of motorbike parts by the Group from Sanyang Global
“VMEPH VTBM Purchase Agreement”	the agreement dated 9 November 2009 and entered into between the Company and VTBM in relation to the Group purchasing certain motorbike parts from VTBM for a consecutive term
“VTBM”	Vietnam Three Brothers Machinery Industry Co., Limited, a wholly foreign-invested enterprise incorporated in Vietnam on 5 September 2002 and a subsidiary of Sanyang

By order of the Board  
**Vietnam Manufacturing and Export  
Processing (Holdings) Limited**

**Chang Kwang Hsiung**  
*Chairman*

Hong Kong, 28 March 2011

*All amounts denominated in US\$ have been translated into HK\$ at an exchange rate of US\$ 1.00 = HK\$7.8 in this announcement for illustration purpose only.*

*As at the date of this announcement, the board of Directors comprised four executive Directors, namely Mr. Chang Kwang Hsiung, Mr. Lou Hen Wen, Mr. Lee Hsi Chun and Mr. Wang Ching Tung, two non-executive Directors, namely Mr. Chiang Shih Huang 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.*