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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

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Reference is made to the announcements of the Company dated 9 November 2009 and 28 March 2011 in relation to, among other things, the Continuing Connected Transactions entered into between the Company and the Sanyang Group.

As the existing agreements relating to the Continuing Connected Transactions (except for the Technology Licence Agreement) will expire on 31 December 2012, the Company had, on 9 November 2012, entered into new agreements in relation to the Continuing Connected Transactions (except for the Technology Licence Agreement) each with a term of three years ending on 31 December 2015. The Board also proposes Annual Caps for all Continuing Connected Transactions (including transactions under the Technology Licence Agreement) for the three years ending on 31 December 2015.

The Continuing Connected Transactions will be conducted between members of the Group and members of the Sanyang Group. As at the date of this announcement, Sanyang, through its wholly-owned subsidiary, SYI, held approximately 67.02% of the issued share capital of the Company and thus, is an indirect substantial Shareholder and a controlling shareholder of the Company.

LISTING RULES IMPLICATIONS

As Sanyang is an indirect controlling 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 of the Company. Accordingly, the Continuing Connected Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Annual Caps for each of the Group 1 Transactions exceed 5%, the Group 1 Transactions are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Hence, the terms of the Group 1 Transactions, their respective agreements (except for the Technology Licence Agreement) and their respective Annual Caps are conditional on approval by the Independent Shareholders being obtained at the extraordinary general meeting of the Company.

As one or more of the applicable percentage ratios in respect of the Annual Caps for each of the Group 2 Transactions exceed 0.1% but all the applicable percentage ratios are less than 5%, the Group 2 Transactions are exempt from the Independent Shareholders' approval requirement but subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

EXTRAORDINARY GENERAL MEETING

An extraordinary general meeting will be convened by the Company with a view to seeking approval of the Group 1 Transactions, their respective agreements (except for the Technology Licence Agreement) and the respective Annual Caps from the Independent Shareholders in accordance with the requirements of the Listing Rules. As Sanyang, either itself or its associates, being the counterparty to the agreements relating to the Group 1 Transaction, 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 Group 1 Transactions and the related Annual Caps. 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 in respect of the above matters.

A circular containing, among other things, further details of the Group 1 Transactions and the related Annual Caps, a letter from the independent board committee to the Independent Shareholders in respect of the Group 1 Transactions and the related Annual Caps, a letter from the independent financial adviser to the independent board committee and the Independent Shareholders in respect of the Group 1 Transactions and the related Annual Caps, and a notice convening the extraordinary general meeting, will be dispatched to the Shareholders as soon as practicable on or before 30 November 2012 in accordance with the requirements of the Listing Rules.

BACKGROUND

Reference is made to the announcements of the Company dated 9 November 2009 and 28 March 2011 in relation to, among other things, the Continuing Connected Transactions entered into between the Company and the Sanyang Group.

As the existing agreements relating to the Continuing Connected Transactions (except for the Technology Licence Agreement) will expire on 31 December 2012, the Company had, on 9 November 2012, entered into new agreements in relation to the Continuing Connected Transactions (except for the Technology Licence Agreement) each with a term of three years ending on 31 December 2015. The Board also proposes Annual Caps for all Continuing Connected Transactions (including transactions under the Technology Licence Agreement) for the three years ending on 31 December 2015.

PRINCIPAL TERMS OF THE CONTINUING CONNECTED TRANSACTIONS, REASONS AND BENEFITS

Group 1 Transactions - Non-exempted continuing connected transactions

(A) Master Purchase Agreement

Date: 9 November 2012

Parties: (a) the Company (on behalf of other members of the Group) as the purchaser; and
(b) Sanyang (for itself and on behalf of other members of the Sanyang Group) as the seller

Term: 1 January 2013 to 31 December 2015

Background

The Group has been sourcing certain motorbike parts from Sanyang and other members of the Sanyang Group (including subsidiaries of Sanyang such as VTBM, Full Ta and Sanyang Global, which are engaged in manufacturing or sourcing of various motorbike parts in different countries and regions) for its production of motorbikes. In relation to sourcing of such motorbike parts, the Group entered into the Existing Purchase Agreements with members of the Sanyang Group including Sanyang, VTBM, Full Ta and Sanyang Global, for the purchase of motorbike parts from Sanyang and respective subsidiary of Sanyang.

As the Existing Purchase Agreements will expire on 31 December 2012, on 9 November 2012, the Company entered into the Master Purchase Agreement with Sanyang, to, among others, continue to engage the Sanyang Group to supply motorbike parts to the Group upon expiry of the Existing Purchase Agreements. The relevant suppliers of motorbike parts under the Master Purchase Agreement are members of the Sanyang Group (including direct or indirect, and wholly-owned or non-wholly owned subsidiaries) from time to time, which include but not limited to Sanyang, VTBM, Full Ta, Sanyang Global and Qingzhou Machinery which are engaged in manufacturing or sourcing of various motorbike parts in different countries and regions.

Major terms and pricing of the purchase of motorbike parts from the Sanyang Group

Under the Master Purchase Agreement, the Group purchases certain motorbike parts from the Sanyang Group which are either manufactured by the Sanyang Group or sourced by it from independent third parties, for the Group's production of motorbikes. The motorbike parts to be sourced from Sanyang include electronic fuel injection components, carburetors and cylinder heads, while that to be sourced from other members of the Sanyang Group include fuel tanks, frames and rear shafts manufactured in Vietnam by VTBM and/ or Full Ta, pistons, cylinders and gears from Sanyang Global and/ or Qingzhou Machinery sourced by them from independent third parties in the PRC. The Group may also source other motorbike parts from other members of the Sanyang Group from time to time should it be required by its production process.

In relation to sourcing of motorbike parts such as electronic fuel injection components, carburetors, and cylinder heads from Sanyang, the price of such purchases 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 of 10% (if Vietnam import duty is 20% or more) or of 15% (if Vietnam import duty is less than 20%).

In relation to sourcing of motorbike parts from members of the Sanyang Group other than Sanyang, the pricing at which motorbike parts are to be sold to the Group shall be determined by the relevant parties after negotiation by reference to the market price at the time an order is placed. The price of the motorbike parts offered by such member of the Sanyang Group shall not be higher than that offered by other independent suppliers offering the same products or substantially similar products in the same or substantially similar quantities to the Group during the relevant year.

The Group shall settle the purchase costs under the Master Purchase Agreement in cash within 30 or 60 (as the case may be) days after the date of delivery unless the relevant parties determined otherwise in the individual purchase orders.

The Master Purchase Agreement is a framework agreement which provides the principles, mechanism and terms and conditions for the Group's purchase of motorbike parts from the Sanyang Group.

Individual purchase orders will be entered into between the relevant members of the Group and Sanyang Group from time to time which will specify the types of motorbike parts to be purchased, price, delivery arrangements and any other terms which may be relevant to the supply of the parts to the Group. The individual purchase orders may only contain provisions which are in all material respects consistent with the binding principles, guidelines, terms and conditions set out in the Master Purchase Agreement.

Reasons and benefits for the sourcing of motorbike parts from the Sanyang Group

The Group purchases motorbike parts from the Sanyang Group rather than directly from independent third party suppliers because, by centralising and aggregating the Sanyang Group's sourcing of such parts with those of the Group's, the Sanyang Group is in a position to negotiate better purchase price and terms with the suppliers and enjoy benefits of bulk purchase, which also benefits the Group as the Sanyang Group will be able to supply the parts to the Group at lower costs. For motorbike parts which are currently sourced from suppliers outside Vietnam as they are either unavailable or not of acceptable quality or pricing in Vietnam, the Sanyang Group also provides quality testing, packaging, customs clearance and logistics services on the motorbike parts sold to the Group at a lower cost than that for the Group to engage an independent third parties outside Vietnam to provide similar services.

Apart from sourcing from Sanyang, the Group also sources certain motorbike parts from the Sanyang Group (such as Sanyang Global and Qingzhou Machinery) in the PRC. It enables to the Group to secure a cost effective and stable source of supply of motorbike parts as motorbike parts are supplied at a lower cost in the PRC than in other countries due to lower labour costs and production costs in the PRC. Whilst the rising costs of sourcing from the PRC are primarily attributed to the constant appreciation of Renminbi, by centralising purchase from/ with the Sanyang Group instead of making separate purchase orders to independent suppliers, the Group is able to mitigate and minimise the impact of the increasing sourcing costs. In sourcing the relevant motorbike parts from the Sanyang Group, the Sanyang Group also assists the Group to conduct surveys and perform quality checks on suppliers which are based in the PRC to ensure that the parts supplied by them meet the requirement and standards of the Group.

Certain production plants of the Sanyang Group are located in the southern and northern parts of Vietnam. The Group also sources motorbike parts from the Sanyang Group (such as VTBM and Full Ta) locally in Vietnam for production in its production plant located near the Group's plants. This will reduce transportation costs and delivery time due to the proximity between the manufacturing plants of the Sanyang Group and those of the Group's, as compared to sourcing from other suppliers. Sourcing motorbike parts from the Sanyang Group in Vietnam will also bring flexibility to the Group and allows it to meet unexpected increase of orders or other market contingencies.

Due to the rapid growth in the economy of Vietnam and the expansion of the Group's business in the Exclusive Territory, an increasing number and types of motorbike parts manufactured by the Sanyang Group or sourced by it from independent third parties are used for the manufacture of motorbikes by the Group. Taking into account the Sanyang Group's production capacity and relevant experience in supplying motorbike parts to motorbike manufacturers, quality of the motorbike parts supplied, and the established business relationship with the Group from which the Sanyang Group gained profound understanding of the Group's product specification and production need, the Directors consider the Sanyang Group a long term business partner and reliable supplier of motorbike parts.

(B) Distributorship Agreement

Date: 9 November 2012

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

(b) the Sanyang Group as the supplier

Term: 1 January 2013 to 31 December 2015

Under the Distributorship Agreement, the Group acts as the exclusive distributor of certain motorbikes and related parts manufactured by the 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 the Sanyang Group when confirmed customer orders are received and the motorbike to be distributed are restricted to those models which the Group does not produce. The Sanyang Group sells such products to the Group at a price that is at least 3.5% lower than the indicative sales price of such products proposed to be sold by the Group to independent end-customers. The Group shall pay for all purchases made under the Distributorship Agreement in cash within 30 days after the date of delivery.

Through distribution of specific models of motorbikes and related parts manufactured by the Sanyang Group (which model the Group does not produce) in the Exclusive Territory, the Group can retain the end-customers in the Exclusive Territory who purchase specific models of motorbike manufactured by the Sanyang Group. The Group may leverage on the customer base of the Sanyang Group as a gateway for expanding its own customer base within the Exclusive Territory and increasing its market shares and promoting its corporate and brand recognition. The pricing basis as agreed under the Distributorship Agreement also ensures that the Group will have a minimum guaranteed profit of at least 3.5% of the sales price on each product the Group distributes or re-sells to end-customers in the Exclusive Territory.

(C) Technology Licence Agreement

Date: 26 November 2007

Parties: (a) VMEP as the licensee; and

(b) Sanyang as the supplier

The Technology Licence Agreement was entered into between VMEP and Sanyang on 26 November 2007, and will continue in force for so long as Sanyang is a controlling shareholder and for a further period of 20 years after Sanyang ceases to be a controlling shareholder of the Company, subject to certain termination events as set out in the Technology Licence Agreement. Under the Technology Licence Agreement, Sanyang has granted an exclusive licence to VMEP (a wholly-owned subsidiary of the Company) 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 shall settle all undisputed invoices within 60 days from the last day of each six-month period in each calendar year.

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 "SYM" brand motorbikes and related parts is essential to the Group's operations and continued growth.

Group 2 Transactions - Continuing connected transactions exempted from Independent Shareholders' approval

(D) Research and Development and Technical Support Services Agreement

Date: 9 November 2012

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

Term: 1 January 2013 to 31 December 2015

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

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

(E) Parts Sales Agreement

Date: 9 November 2012

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

Term: 1 January 2013 to 31 December 2015

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

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

(F) Production Machinery, Moulds and Equipment Purchase Agreement

Date: 9 November 2012

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

Term: 1 January 2013 to 31 December 2015

Under the Production Machinery, Moulds and Equipment Purchase Agreement, the Group purchases certain new production machinery, moulds and equipment for the production of motorbikes and related parts from Sanyang which are either manufactured by the Sanyang Group or sourced by it from

independent third parties. The pricing of purchases of production machinery, moulds and equipment under such agreement is determined by reference to market prices. The Group shall pay for all purchases made under the Sanyang Purchase Agreement in cash within 60 days after the date of delivery.

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

HISTORICAL TRANSACTION AMOUNTS AND PROPOSED ANNUAL CAPS

Annual caps for the three years ending 31 December 2012

The table below sets out the respective Annual Caps (as subsequently revised by announcement and/or Independent Shareholders' approval of the Company, as the case may be) of the Continuing Connected Transactions for the three years ending 31 December 2012:

(in US\$)	Annual Cap for the year ended 31 December 2010	Annual Cap for the year ended 31 December 2011	Annual Cap for the year ended 31 December 2012
Group 1 Transactions			
(A) Master Purchase Agreement (Note 1)			
<i>Existing Purchase Agreements</i>			
(i) VMEPH Purchase Agreement	8,900,000	21,600,000	25,200,000
(ii) VMEPH Sanyang Global Purchase Agreement	8,100,000	9,500,000	10,000,000
(iii) VMEPH VTBM Purchase Agreement	4,300,000,	6,000,000	7,000,000
(iv) VMEPH Full Ta Purchase Agreement	Nil	1,600,000	2,500,000
<i>Aggregated annual caps under the Existing Purchase Agreements:</i>	21,300,000	38,700,000	44,700,000
(B) Distributorship Agreement	10,000,000	13,000,000	28,500,000
(C) Technology Licence Agreement	9,500,000	11,000,000	13,000,000
Group 2 Transactions			
(D) Research and Development and Technical Support Services Agreement	1,000,000	1,000,000	1,000,000

(E) Production Machinery, Moulds and Equipment Purchase Agreement	3,900,000	3,300,000	3,300,000
(F) Parts Sales Agreement	3,130,000	3,130,000	3,130,000

Note 1: During the three financial years ending 31 December 2012, the Group entered into the Existing Purchase Agreements with members of the Sanyang Group including Sanyang, VTBM, Full Ta and Sanyang Global, for the purchase of motorbike parts from Sanyang and its respective subsidiaries. The annual caps set out above represent the aggregated annual caps (as subsequently revised by announcement and/ or Independent Shareholders' approval of the Company, as the case may be) of the purchase amounts of motorbike parts from the Sanyang Group under the Existing Purchase Agreements.

Historical transaction amounts of the Continuing Connected Transactions

The table below sets out the historical transaction amounts of the Continuing Connected Transactions for the two years ended 31 December 2011 and the nine months ended 30 September 2012:

(in US\$)	Transaction amounts for the year ended 31 December 2010	Transaction amounts for the year ended 31 December 2011	Transaction amounts for the nine months ended 30 September 2012 (based on audited management accounts of the Group up to 30 September 2012)
Group 1 Transactions			
(A) Master Purchase Agreement (Note 2)			
<i>Existing Purchase Agreements</i>			
(i) VMEPH Purchase Agreement	8,882,518	21,232,894	5,454,057
(ii) VMEPH Sanyang Global Purchase Agreement	7,105,699	9,495,208	7,447,765
(iii) VMEPH VTBM Purchase Agreement	4,296,635,	5,355,381	2,064,649
(iv) VMEPH Full Ta Purchase Agreement	Nil	124,737	605,727
<i>Aggregated historical transaction amounts under the Existing Purchase Agreements:</i>	20,284,852	36,208,220	15,572,198
(B) Distributorship Agreement	9,538,244	12,883,870	17,030,930
(C) Technology Licence Agreement	6,455,056	6,899,833	3,174,598

Group 2 Transactions

(D) Research and Development and Technical Support Services Agreement	717,133	834,501	582,880
(E) Production Machinery, Moulds and Equipment Purchase Agreement	852,285	603,673	196,544
(F) Parts Sales Agreement	893,317	682,814	236,641

Note 2: The historical transaction amounts set out above represent the aggregated amount of motorbike parts purchased by the Group from members of the Sanyang Group under the Existing Purchase Agreements.

The actual transaction amounts of the Continuing Connected Transactions for the two years ended 31 December 2011 had not exceeded the respective annual caps (as subsequently revised, as the case may be) of the relevant year. The actual transaction amounts of the Continuing Connected Transactions during the first nine months of 2012 had not exceeded the respective annual caps (as subsequently revised, as the case may be) for the year ending 31 December 2012.

Proposed Annual Caps of the Continuing Connected Transactions and the basis of determination

The Board proposes that the Annual Caps for the Continuing Connected Transactions for the three years ending 31 December 2015 be set as follows:

(in US\$)	Annual Cap for the year ending 31 December 2013	Annual Cap for the year ending 31 December 2014	Annual Cap for the year ending 31 December 2015
Group 1 Transactions			
(A) Master Purchase Agreement	46,600,000	57,900,000	66,300,000
(B) Distributorship Agreement	28,000,000	29,000,000	30,000,000
(C) Technology Licence Agreement	8,000,000	10,000,000	12,000,000
Group 2 Transactions			
(D) Research and Development and Technical Support Services Agreement	1,500,000	1,500,000	1,500,000
(E) Production Machinery, Moulds and Equipment Purchase Agreement	1,200,000	1,200,000	1,200,000
(F) Parts Sales Agreement	1,000,000	1,000,000	1,000,000

The Annual Caps have been determined by the Board based on the historical transaction amounts of the Continuing Connected Transactions and expected growth and expansion of the Company's manufacturing and sales for the coming three years, taking into account of the following factors:

- (i) historical growth rates of the turnover of the Group and the transaction amounts of the subject transactions;
- (ii) historical percentages of the relevant values of the subject transactions to the turnover of the Group;
- (iii) projected and/or targeted growth in turnover and sales volume of the Group as determined by the Board;
- (iv) the recent transaction amounts of the subject transactions during the current financial year;
- (v) the expected rising costs of sourcing from the Sanyang Group as a result of the constant appreciation of New Taiwanese Dollar and Renminbi and the constantly rising costs of raw materials;
- (vi) the expected increase in average unit price of the motorbike parts offered by independent suppliers due to inflation and increased production cost;
- (vii) the diversification of Company business by expanding production to new models which will deploy advance technology components like electronic fuel injection engines; and
- (viii) projected increase in the amount of the subject transactions for the purpose of reserved stocks to avoid disruption to Company business in the case of contingency.

DIRECTORS' VIEWS

Each of Mr. Chen Chung Long, Mr. Chiang Shih Huang, Mr. Chiu Ying Feng, Mr. Chou Ken Yuan and Mr. Yu Wen Lung (each being a Director) has a 0.0001%, 0.0001%, 0.0032%, 0.0236% and 0.0006% shareholding in Sanyang respectively. Each of Mr. Chiang Shih Huang, Mr. Chiu Ying Feng and Mr. Chou Ken Yuan also either serves on the board of Sanyang or members of the Sanyang Group, or is an employee of the Sanyang Group. Therefore, pursuant to the articles of association of the Company and the Listing Rules, Mr. Chen Chung Long, Mr. Chiang Shih Huang, Mr. Chiu Ying Feng, Mr. Chou Ken Yuan and Mr. Yu Wen Lung had abstained from voting in the board meeting to approve the Continuing Connected Transactions due to the aforesaid overlapping of roles and shareholding interests in the Sanyang Group.

The Directors consider that the Group 1 Transactions have been carried out and will continue to be carried out in the ordinary and usual course of business of the Group and on normal commercial terms, and that the terms of such transactions and the respective Annual Caps are fair and reasonable and in the interests of the Shareholders as a whole. The independent non-executive Directors shall express their views after considering the advice from the independent financial advisor, which will be stated in the circular to be dispatched to the Shareholders in due course.

The Directors (including the independent non-executive Directors) considers that the Group 2 Transactions have been carried out and will continue to be carried out in the ordinary and usual course of business of the Group and are on normal commercial terms, and that the terms of such transactions and the respective Annual Caps are fair and reasonable and in the interests of the 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.

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. As at the date of this announcement, Sanyang, through its wholly-owned subsidiary, SYI, held 608,318,000 issued ordinary shares of the Company (approximately 67.02% of the issued share capital of the Company).

LISTING RULES IMPLICATIONS

As Sanyang is an indirect controlling 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 of the Company. Accordingly, the Continuing Connected Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Annual Caps for each of the Group 1 Transactions exceed 5%, the aforesaid transactions are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Hence, the terms of the Group 1 Transactions, their respective agreements (except for the Technology Licence Agreement) and the respective Annual Caps are conditional on approval by the Independent Shareholders being obtained at the extraordinary general meeting of the Company.

As one or more of the applicable percentage ratios in respect of the Annual Caps for the Group 2 Transactions exceed 0.1% but all the applicable percentage ratios are less than 5%, the Group 2 Transactions are exempt from the Independent Shareholders' approval requirement but subject to the reporting, annual review and announcement 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 Group 1 Transactions, their respective agreements (except for the Technology Licence Agreement) and the respective Annual Caps from the Independent Shareholders in accordance with the requirements of the Listing Rules. As Sanyang, either itself or its associates, being the counterparty to the agreements relating to the Group 1 Transaction, 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 Group 1 Transactions and the related Annual Caps. 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 in respect of the above matters.

A circular containing, among other things, further details of the Group 1 Transactions and the related Annual Caps, a letter from the independent board committee to the Independent Shareholders in respect of the Group 1 Transactions and the related Annual Caps, a letter from the independent financial adviser to the independent board committee and the Independent Shareholders in respect of the Group 1 Transactions and the related Annual Caps, and a notice convening the extraordinary general meeting, will be dispatched to the Shareholders as soon as practicable on or before 30 November 2012 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:

“Annual Caps”	the maximum aggregate annual value of each of the Continuing Connected Transactions for the three financial years ending 31 December 2015 proposed by the Board
“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
“Continuing Connected Transactions”	collectively the Group 1 Transactions and Group 2 Transactions
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Distributorship Agreement”	the agreement dated 9 November 2012 entered into between the Company and Sanyang in relation to the exclusive distribution by the Group of motorbikes and related parts manufactured by the Sanyang Group in the Exclusive Territory (excluding Vietnam, unless the motorbikes are resold in Vietnam for exhibition purposes)
“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 Purchase Agreements”	the purchase agreements entered into between the Group and members of the Sanyang Group in relation to the purchase of certain motorbike parts from Sanyang and members of the Sanyang Group, including the VMEPH Purchase Agreement, the VMEPH Sanyang Global Purchase Agreement, the VMEPH VTBM Purchase Agreement (each of which as defined in the announcement of the Company dated 9 November 2009) and the VMEPH Full Ta Purchase Agreement (as defined in the announcement of the Company dated 28 March 2011)
“Full Ta”	Hanoi Full Ta Precision Company Limited, an indirect non wholly-owned subsidiary of Sanyang incorporated in

Vietnam

“Group 1 Transactions”	the transactions under the Master Purchase Agreement, Distributorship Agreement and Technology Licence Agreement, which are subject to the reporting, annual review, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules
“Group 2 Transactions”	the transactions under the Research and Development and Technical Support Services Agreement, Production Machinery, Moulds and Equipment Purchase Agreement, and Parts Sales Agreement, which are exempt from the Independent Shareholders’ approval requirement but subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules
“Group”	the Company and its subsidiaries from time to time
“Independent Shareholders”	Shareholders who are not required to abstain from voting on the resolution to be proposed at the extraordinary general meeting under the Listing Rules
“independent third parties”	persons or entities who/which are not connected persons within the meaning of the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Master Purchase Agreement”	the agreement dated 9 November 2012 entered into between the Company (on behalf of other members of the Group) as the purchaser and Sanyang (for itself and on behalf of other members of the Sanyang Group) as the seller in relation to purchases of motorbike parts by the Group from the Sanyang Group
“Parts Sales Agreement”	the agreement dated 9 November 2012 entered into between the Company and Sanyang in relation to sales of motorbike parts by the Group to the Sanyang Group
“PRC”	the People’s Republic of China and for the purpose of this announcement, excludes Taiwan, the Macau Special Administrative Region and Hong Kong
“Production Machinery, Moulds and Equipment Purchase Agreement”	the agreement dated 9 November 2012 entered into between the Company and Sanyang in relation to purchases of certain production machinery, moulds and equipment by the Group from the Sanyang Group for the manufacture of motorbikes and related parts
“Qingzhou Machinery”	Zhangjiagang Qingzhou Machinery Industry Co., Limited (張家港慶洲機械工業有限公司), an indirect wholly owned subsidiary of Sanyang incorporated in the PRC

“Research and Development and Technical Support Services Agreement”	the agreement dated 9 November 2012 and entered into between the Company and Sanyang in relation to research and development and technical support services provided by the Sanyang Group to the Group
“Sanyang”	Sanyang Industry Co., Limited (三陽工業股份有限公司), 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. (三陽環宇(廈門)實業有限公司), an indirect wholly-owned subsidiary of Sanyang incorporated in the PRC
“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
“Technology Licence Agreement”	the agreement dated 26 November 2007 entered into between VMEP and Sanyang in relation to grant of an exclusive licence to VMEP to use the technology, know-how, trade secrets and production information owned by Sanyang
“US\$”	United States Dollars, being the lawful currency of the United States
“VMEP”	Vietnam Manufacturing and Export Processing Co., Limited, a wholly-owned subsidiary of the Company
“VTBM”	Vietnam Three Brothers Machinery Industry Co., Limited, an indirect non wholly-owned subsidiary of Sanyang incorporated in Vietnam
“%”	per cent.

By order of the Board
**Vietnam Manufacturing and Export
Processing (Holdings) Limited**
Chou Ken Yuan
Chairman

Hong Kong, 9 November 2012

As at the date of this announcement, the Board comprised four executive Directors, namely Mr Chen Chung Long, Mr Chou Ken Yuan, Mr Wang Ching Tung and Mr Yu Wen Lung, two non-executive Directors, namely Mr Chiang Shih Huang and Mr Chiu Ying Feng, and three independent non-executive Directors, namely Ms Lin Ching Ching, Mr Shen Hwa Rong and Mr Wei Sheng Huang.