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Veeko®

VEEKO INTERNATIONAL HOLDINGS LIMITED

威高國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1173)

**DISCLOSEABLE TRANSACTIONS –
ACQUISITION OF PROPERTIES
AND
RESUMPTION OF TRADING**

The Board wishes to announce that after trading hours on 14 January 2015 (i) Purchaser A, a wholly owned subsidiary of the Company incorporated in Hong Kong, entered into the Provisional Agreement A with Vendor A to acquire Property A at a consideration of HK\$86,680,000; and (ii) Purchaser B, another wholly owned subsidiary of the Company incorporated in Hong Kong, entered into the Provisional Agreement B with Vendor B to acquire Property B at a consideration of HK\$3,920,000. It is expected that the Acquisitions will complete on or before 1 April 2015.

As the applicable percentage ratios (within the meaning of the Listing Rules) for the Acquisitions in aggregate exceed 5% but are less than 25%, the Acquisitions constitute discloseable transactions for the Company under the Listing Rules and are subject to reporting and announcement requirements.

Resumption of trading

At the request of the Company, trading in the Shares was halted with effect from 9:00 a.m. on 15 January 2015 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 16 January 2015.

DISCLOSEABLE TRANSACTIONS

The board (“**Board**”) of directors (“**Directors**”) of Veeko International Holdings Limited (“**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that after trading hours on 14 January 2015 (i) Colourmix Cosmetics Company Limited (“**Purchaser A**”), a wholly owned subsidiary of the Company incorporated in Hong Kong, entered into a provisional sale and purchase agreement (“**Provisional Agreement A**”) with Metropolis Communications Limited (“**Vendor A**”) to acquire the whole of third floor of Wyler Centre Phase II (“**Property A**”) located at 192-200 Tai Lin Pai Road, Kwai Chung, the New Territories, Hong Kong at a consideration of HK\$86,680,000 (“**Property A Acquisition**”); and (ii) Wina Success Limited (“**Purchaser B**”), another wholly owned subsidiary of the Company incorporated in Hong Kong, entered into a provisional sale and purchase agreement (“**Provisional Agreement B**”) with Players Pictures Company Limited (“**Vendor B**”) to acquire the parking spaces no. P70, P71, P72 and P73 on second floor of Wyler Centre Phase II (“**Property B**”) located at 192-200 Tai Lin Pai Road, Kwai Chung, the New Territories, Hong Kong at a consideration of HK\$3,920,000 (“**Property B Acquisition**”). Property A and Property B comprise a total construction area of approximately 26,000 square feet and 500 square feet, respectively. Both Property A and Property B shall be sold to Purchaser A and Purchaser B respectively on an “as is” basis and subject to certain existing tenancies. The respective principal terms of each of the Provisional Agreement A and the Provisional Agreement B are set out below.

(1) Provisional Agreement A

- Date : 14 January 2015
- Parties : Vendor A, which is principally engaged in general trading communication business, as vendor. The ultimate beneficial owner of Vendor A also owns Vendor B.

Purchaser A, as purchaser
- Subject matter : The whole of third floor of Wyler Centre Phase II located at 192-200 Tai Lin Pai Road, Kwai Chung, the New Territories, Hong Kong, comprises a total construction area of approximately 26,000 square feet.
- Consideration : HK\$86,680,000
- Stamp duty : All stamp duty shall be borne by Purchaser A

The price payable by Purchaser A (“**Property A Purchase Price**”) was determined after arm’s length negotiations between Vendor A and Purchaser A on normal commercial terms with reference to the market value of similar properties in similar locations. No formal valuation has been conducted in respect of Property A at the time of entering into of the Provisional Agreement A. The Directors, including the independent non-executive Directors, consider that the Property A Purchase Price is fair and reasonable.

The Property A Purchase Price is payable by Purchaser A in cash in the following manner:

- (1) HK\$4,334,000 was paid to Vendor A upon signing of the Provisional Agreement A as deposit;
- (2) HK\$4,334,000 to be paid upon signing of the formal sale and purchase agreement in respect of the Property A Acquisition as further deposit; and
- (3) the remaining balance of HK\$78,012,000 to be paid upon completion of the Property A Acquisition, which is expected to take place on or before 1 April 2015.

(2) Provisional Agreement B

Date : 14 January 2015

Parties : Vendor B, which is an investment holding company, as vendor. The ultimate beneficial owner of Vendor B also owns Vendor A.

Purchaser B, as purchaser

Subject matter : Parking spaces no. P70, P71, P72 and P73 on second floor of Wyler Centre Phase II located at 192-200 Tai Lin Pai Road, Kwai Chung, the New Territories, Hong Kong, comprises a total construction area of approximately 500 square feet.

Consideration : HK\$3,920,000

Stamp duty : All stamp duty shall be borne by Purchaser B

The price payable by Purchaser B (“**Property B Purchase Price**”) was determined after arm’s length negotiations between Vendor B and Purchaser B on normal commercial terms with reference to the market value of similar properties in similar locations. No formal valuation has been conducted in respect of Property B at the time of entering into of the Provisional Agreement B. The Directors, including the independent non-executive Directors, consider that the Property B Purchase Price is fair and reasonable.

The Property B Purchase Price is payable by Purchaser B in cash in the following manner:

- (1) HK\$196,000 was paid to Vendor B upon signing of the Provisional Agreement B as deposit;
- (2) HK\$196,000 to be paid upon signing of the formal sale and purchase agreement in respect of the Property B Acquisition as further deposit; and
- (3) the remaining balance of HK\$3,528,000 to be paid upon completion of the Property B Acquisition, which is expected to take place on or before 1 April 2015.

Property A Purchase Price and Property B Purchase Price

It is expected that both the Property A Purchase Price and Property B Purchase Price will be financed by internal resources of the Group, bank borrowings or a combination of both as may be considered appropriate or desirable by the Board, taking into account factors such as the then interest rate and cash flow of the Group.

Formal agreements

Formal sale and purchase agreement for each of the Provisional Agreement A and the Provisional Agreement B is expected to be signed by the relevant vendor and the purchaser on 28 January 2015.

Completion

Completion of each of the Property A Acquisition and the Property B Acquisition (collectively, the “**Acquisitions**”) will take place on or before 1 April 2015.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, Vendor A, Vendor B and their respective ultimate beneficial owner(s) are third parties (“**Independent Third Party**”) independent of the Company and connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) (“**Listing Rules**”)) of the Company. The Company does not have any transactions with either Vendor A, Vendor B or its respective ultimate beneficial owner completed within 12 months prior to the Acquisitions.

Existing tenancy arrangements

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, based on the information provided by both Vendor A and Vendor B as at the date of this announcement, Property A is currently leased by Vendor A to one tenant, and the car parking spaces of Property B are currently leased by Vendor B to three tenants, while each of the tenants being an Independent Third Party. Details of each of the existing tenancy arrangements regarding Property A and Property B are set out below:

	Total rentals	Term of tenancy	
Property A	Approximately HK\$330,000 per month (inclusive of government rent and rates, and management fees)	From 1 November 2013 up to 31 October 2015	
Property B	(i) No. P70	HK\$2,700 per month (inclusive of government rent and rates, and management fees)	From 1 February 2013 up to 31 January 2014, and thereafter renewable on a monthly basis until termination by either party by giving one month's prior termination notice to the other
	(ii) No. P71	HK\$2,700 per month (inclusive of government rent and rates, and management fees)	From 1 June 2013 up to 31 May 2014, and thereafter renewable on a monthly basis until termination by either party by giving one month's prior termination notice to the other
	(iii) No. 72	HK\$2,800 per month (inclusive of government rent and rates, and management fees)	From 1 June 2013 up to 31 May 2014, and thereafter renewable on a monthly basis until termination by either party by giving one month's prior termination notice to the other
	(iv) No. 73	HK\$3,000 per month (inclusive of government rent and rates, and management fees)	From 1 June 2014 up to 31 May 2015

Pursuant to the Provisional Agreement A, upon signing of the Provisional Agreement A, Vendor A, on behalf of Purchaser A, shall notify the existing tenant of Property A to move out of Property A no later than 28 July 2015. On the other hand, pursuant to the Provisional Agreement B, Vendor B shall assist Purchaser B in entering into new tenancy agreement with each of the existing tenants of car parking spaces of Property B, whereby the terms and conditions of the new tenancy agreements shall be similar to the existing tenancy agreements.

Based on the current information available to the Company in respect of the total rentals to Property A and Property B, the net rental income which the Group would have generated from Property A and Property B before and after taxation would be approximately HK\$4,000,000 and HK\$3,000,000 respectively for the year ended 31 March 2013 and approximately HK\$4,000,000 and HK\$3,000,000 respectively for the year ended 31 March 2014.

INFORMATION ON THE GROUP AND REASONS FOR THE ACQUISITIONS

The Group is principally engaged in the manufacture and retail of ladies' apparel under the Group's two own brand names, namely, *Wanko* and *Veeko* and the retailing of cosmetics and skin care products at its cosmetics chain stores *Colourmix*.

It is expected that continuous growth in the cosmetics business of the Group will be observed and it is intended that Property A (upon the early termination of the existing tenancy agreement in respect of Property A) would be used as warehouse and office of the Group to meet the Group's needs, while Property B would be used for investment purposes by leasing out for rental income.

The Board (including the independent non-executive Directors) is of the view that the entering into of the Provisional Agreement A and the Provisional Agreement B are on normal commercial terms and the respective terms of the Provisional Agreement A and the Provisional Agreement B are fair and reasonable and in the interests of the shareholders of the Company and the Company as a whole. The Directors consider that the Acquisitions represent a good investment opportunity for the Group.

GENERAL

As the applicable percentage ratios (within the meaning of the Listing Rules) for the Acquisitions in aggregate exceed 5% but are less than 25%, the Acquisitions constitute discloseable transactions for the Company under the Listing Rules and are subject to reporting and announcement requirements.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company (“**Shares**”) was halted with effect from 9:00 a.m. on 15 January 2015 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 16 January 2015.

On behalf of the Board of
Veeko International Holdings Limited
Cheng Chung Man, Johnny
Chairman

Hong Kong, 15 January 2015

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Cheng Chung Man, Johnny (Chairman) and Ms. Lam Yuk Sum and three independent non-executive Directors, namely, Dr. Fok Kam Chu, John, Mr. Yang Wei Tak and Mr. Yeung Wing Kay.