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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 TRANSACTION:
ACQUISITION OF PROPERTY IN THE PRC**

The Board wishes to announce that SHD, a wholly owned subsidiary of the Company established in the PRC, entered into an agreement (as supplemented by an agreement dated 7 April 2008) with Shantou Chaifa on 5 April 2008 to acquire the Property at a consideration of RMB22 million (equivalent to approximately HK\$24.4 million).

As the applicable percentage ratios (within the meaning of the Listing Rules) for the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing details of the Acquisition and other information as prescribed under Rules 14.63 and 14.64 of the Listing Rules will be despatched to the shareholders of the Company.

INTRODUCTION

The board (“**Board**”) of directors (“**Directors**”) of Veeko International Holdings Limited (“**Company**”), wishes to announce that Shantou Huanan Digao Fashion Company Limited (汕頭華南迪高時裝有限公司) (“**SHD**”), a wholly owned subsidiary of the Company established in the People’s Republic of China (“**PRC**”), entered into an agreement (as supplemented by an agreement dated 7 April 2008) (“**Agreement**”) with Shantou SEZ Chaifa Indu. Co., Ltd. (汕頭經濟特區預發實業有限公司) (“**Shantou Chaifa**”) on 5 April 2008 to acquire two blocks of industrial building known as Block 1 and Block 2 “Chaifa Industrial City” (“**預發工業城**”) (“**Property**”) located in Longhu District Shantou City in the PRC at a consideration of RMB22 million (equivalent to approximately HK\$24.4 million) (“**Acquisition**”). The Property comprises a total construction area of approximately 18,888m². The principal terms of the Agreement are set out below.

AGREEMENT

Date : 5 April 2008 (as supplemented by an agreement entered into by the same parties as set out below on 7 April 2008)

Parties : Shantou Chaifa, which is principally engaged in processing and manufacturing of apparels and leather goods, as vendor

SHD as purchaser

Guarantor (for vendor), the legal representative of Shantou Chaifa

Subject matter : Two blocks of industrial building known as Block 1 and Block 2 “Chaifa Industrial City” located in Longhu District Shantou City in the PRC, comprises a total construction area of approximately 18,888m². The Property is subject to a charge in favour of the Shenzhen Branch of Bangkok Bank Public Company Limited (“**Bank**”) for an amount of US\$2 million (equivalent to approximately HK\$15.6 million)

Consideration : RMB22 million (equivalent to approximately HK\$24.4 million)

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, Shantou Chaifa and its ultimate beneficial owner and the guarantor are third parties independent of the Company and connected persons (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”)) of the Company. The Company does not have any transactions with Shantou Chaifa or its ultimate beneficial owner completed within 12 months prior to the Acquisition.

Purchase price

The price payable by SHD (“**Purchase Price**”) was determined after arm’s length negotiations and with reference to the preliminary valuation on the Property commissioned by the Company. Such preliminary valuation (by direct comparison approach based on market information) was conducted by a valuer who is a third party independent of the Company and connected persons (as defined in the Listing Rules) of the Company and the market value of the Property as at 8 April 2008 was estimated to be approximately RMB24.8 million (equivalent to approximately HK\$27.5 million). The Directors, including the independent non-executive Directors, consider that the Purchase Price is fair and reasonable.

The Purchase Price is payable by SHD in cash in the following manner:

- (1) RMB2 million (equivalent to approximately HK\$2.2 million) to be paid to Shantou Chaifa within five days upon signing of the Agreement;
- (2) RMB16 million (equivalent to approximately HK\$17.8 million) to be paid before 20 May 2008 for the release of the charge over the Property; and

- (3) the remaining balance of RMB4 million (equivalent to approximately HK\$4.4 million) to be paid when (i) Shantou Chaifa has fully paid to the relevant authorities all taxes and other charges payable by it in relation to the Acquisition; and (ii) Shantou Chaifa has delivered vacant possession of the Property.

Completion

Completion of the Acquisition will take place upon the issue of the Real Estate Title Certificates in favour of SHD.

INFORMATION ON THE GROUP AND REASONS FOR THE ACQUISITION

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

It is expected that continuous growth in the retail business of the Group will be observed and it is intended that the Property would be utilised as one of the manufacturing plants of the Group in anticipation of the expansion of the business of the Group. The Acquisition could enhance the Group's production capacity and at the same time support the Group's plan in the expansion of its retail business.

The Board (including the independent non-executive Directors) is of the view that the entering into of the Agreement is on normal commercial terms and in the ordinary and usual course of business of the Group and the terms of the Agreement are fair and reasonable and in the interests of the shareholders of the Company and the Company as a whole.

GENERAL

As the applicable percentage ratios (within the meaning of the Listing Rules) for the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing details of the Acquisition and other information as prescribed under Rules 14.63 and 14.64 of the Listing Rules will be despatched to the shareholders of the Company as soon as possible.

As at the date of this announcement, the Board comprises Mr. Cheng Chung Man, Johnny and Ms. Lam Yuk Sum as executive Directors and Mr. Cheng Chung Hoo, Mr. Yang Wei Tak and Mr. Yeung Wing Kay as independent non-executive Directors.

In this announcement, for the purpose of illustration only, amounts quoted in RMB and US\$ have been converted into HK\$ at the rate of HK\$1.00 to RMB0.9005 and US\$1.00 to HK\$7.7906 respectively. Such exchange rates have been used, where applicable, for the purpose of illustration only and do not constitute a representation that any amounts were or may have been exchanged at these or any other rates or at all.

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

Hong Kong, 8 April 2008