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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)

**EXPIRY OF TENANCY AGREEMENT
AND
PROPOSED TERMINATION OF JV AGREEMENT
AND DISSOLUTION OF DONG GUAN DICO**

Reference is made to the Announcement dated 8 August 2006. The Board announces that the term of the Tenancy Agreement expired on 30 April 2009 and the Group did not intend to renew the Tenancy Agreement. The Group also intends to terminate the JV Agreement for its joint venture in Dongguan and it is expected that the directors and shareholders of Dong Guan Dico will pass relevant resolutions to terminate the JV Agreement and to dissolve Dong Guan Dico.

Reference is made to the announcement (“**Announcement**”) of Veeko International Holdings Limited (“**Company**”) dated 8 August 2006. Terms used in this announcement have the same meanings as defined in the Announcement, unless the context otherwise requires.

Pursuant to the Tenancy Agreement, the term of the tenancy commences from 1 May 2006 to 30 April 2009. The Board announces that the term of the Tenancy Agreement expired on 30 April 2009 and the Group did not intend to renew the Tenancy Agreement.

The non-renewal of the Tenancy Agreement is part of the Group’s strategy to re-deploy its business and to relocate its production capabilities from Dongguan to its principal production facilities in Shantou in the PRC. The Group also intends to terminate the joint venture agreement (“**JV Agreement**”) dated 20 July 1991 entered into between Dongguan Humen Enterprise and Wangfull Investment Limited (subsequently changed to Veeko Manufacturing) in relation to the establishment of Dong Guan Dico and relevant supplemental agreements and to dissolve Dong Guan Dico.

Pursuant to the JV Agreement and relevant supplemental agreements, the JV Agreement will expire on 19 July 2011. It is expected that the directors and shareholders of Dong Guan Dico will pass relevant resolutions to terminate the JV Agreement and dissolve Dong Guan Dico. Upon completion of the necessary filings and obtaining of the relevant approvals in the PRC, Dong Guan Dico will be dissolved.

Dong Guan Dico had about 100 employees. It is expected that the employment of Dong Guan Dico's employees will be terminated as a result of the dissolution of Dong Guan Dico. Salaries, severance payments and all other necessary payments will be made to the staff of Dong Guan Dico in compliance with applicable rules and regulations in the PRC.

Other than the facilities in Dongguan, the Group also operates its manufacturing facilities in Shantou in the PRC. After the closing down of the Dongguan operation, the Group will relocate the resources to its principal manufacturing operations in Shantou; in particular, to the industrial buildings located in Longhu District Shantou City in the PRC which was acquired by the Group in April 2008. Details of such acquisition were set out in the announcement and circular of the Company dated 8 April 2008 and 29 April 2008 respectively. The proposed dissolution of Dong Guan Dico is part of the Group's strategy to re-deploy its business and to centralise its manufacturing operations, the Directors are of the view that the proposed termination of the JV Agreement and the dissolution of Dong Guan Dico will not have any material adverse impact to the operations and financial position of the Group.

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, Mr. Cheng Chung Hoo, Mr. Yang Wei Tak and Mr. Yeung Wing Kay.

On behalf of the Board
Veeko International Holdings Limited
Wong Chi Ying
Company Secretary

Hong Kong, 4 May 2009