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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:
DISPOSAL OF PROPERTY**

The Board wishes to announce that Wina, a wholly owned subsidiary of the Company established in Hong Kong, entered into an agreement with Yield Concept on 4 May 2010 to dispose the Property at a consideration of HK\$14,701,500. As an applicable percentage ratio (within the meaning of the Listing Rules) for the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules.

INTRODUCTION

The board (“**Board**”) of directors (“**Directors**”) of Veeko International Holdings Limited (“**Company**”), wishes to announce that Wina Success Limited (“**Wina**”), a wholly owned subsidiary of the Company established in Hong Kong, entered into a preliminary sale and purchase agreement (“**Agreement**”) with Yield Concept Investment Limited (“**Yield Concept**”) on 4 May 2010 in relation to two units of workshop of an industrial building known as Workshop A8 and A13 on the 7th Floor of Block A Hong Kong Industrial Centre, Nos. 489 – 491 Castle Peak Road, Kowloon, Hong Kong (“**Property**”) at a consideration of HK\$14,701,500 (“**Disposal**”). The Property comprises a total area of approximately 5,445 square feet. The principal terms of the Agreement are set out below.

AGREEMENT

Date : 4 May 2010

Parties : Wina, a property holding company, as vendor

Yield Concept, a property investment company, as purchaser

Subject matter : Two units of workshop of an industrial building known as Workshop A8 and A13 on the 7th Floor of Block A Hong Kong Industrial Centre, Nos. 489 – 491 Castle Peak Road, Kowloon, Hong Kong, comprises a total area of approximately 5,445 square feet, and together with an existing tenancy. The Property is subject to a tenancy of a term from 16 June 2008 to 15 June 2010 at a monthly rent of HK\$71,000.

Consideration : HK\$14,701,500

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Yield Concept and its ultimate beneficial owner 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 Yield Concept or its beneficial owner completed within 12 months prior to the Disposal.

Purchase Price

The price payable by Yield Concept (“**Purchase Price**”) was determined after arm's length negotiations between Wina and Yield Concept with reference to the prevailing market value of other industrial premises of comparable size and quality in the area where the Property is located provided by the estate agent and the book value of the Property of HK\$12,500,000 as at 30 September 2009. The Directors, including the independent non-executive Directors, consider that the Purchase Price is fair and reasonable.

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

- (1) HK\$735,075 to be paid upon signing of the Agreement as deposit;
- (2) HK\$735,075 to be paid on or before 14 May 2010 as further deposit; and
- (3) HK\$13,231,350 to be paid upon completion on or before 9 June 2010 as balance of the Purchase Price.

Completion

The formal agreement embodying the terms of the Agreement and such other terms as shall be agreed between the parties and is expected to be signed on or before 14 May 2010.

INFORMATION ON THE GROUP AND REASONS FOR THE DISPOSAL

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.

Having considered the revitalising property market condition and the Purchase Price for the Property offered by Yield Concept, the Directors consider that the Disposal is a good opportunity for the Company to realise its investment. The proceeds from the Disposal will enable the Company to improve its working capital condition for future opportunities that may arise.

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.

POSSIBLE FINANCIAL EFFECT OF THE DISPOSAL

Based on the book value of the Property (being HK\$12,500,000 as at 30 September 2009), it is expected that the Company will realise a gain from the Disposal of approximately HK\$2,201,500 (not taking into account the agency fees and other professional fees to be incurred) being the difference between the Purchase Price and the book value of the Property as at 30 September 2009.

The net profit before taxation attributable to the Property for the financial years ended 31 March 2009 and 2010 were approximately HK\$804,000 (audited) and HK\$822,000 (unaudited) respectively. The net profit after taxation attributable to the Property for the financial years ended 31 March 2009 and 2010 were approximately HK\$1,248,000 (audited) and HK\$150,000 (unaudited) respectively.

USE OF PROCEEDS

The Company intends to use the net sale proceeds from the Disposal as general working capital.

GENERAL

As an applicable percentage ratio (within the meaning of the Listing Rules) for the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules.

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
Cheng Chung Man, Johnny
Chairman

Hong Kong, 5 May 2010