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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)

**PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES
AND
RESUMPTION OF TRADING**

Placing Agent

UOB Kay Hian
大華繼顯

UOB KAY HIAN (HONG KONG) LIMITED

PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES

On 14 December 2010, the Placing and Subscription Agreement was entered into between the Vendor, the Company and the Placing Agent, pursuant to which the Placing Agent has agreed to place, on a best effort basis, up to 100,000,000 Placing Shares held by the Vendor to independent third parties who are not connected persons of the Company and are independent of and not connected with the Company, the directors, chief executive or substantial shareholders of the Company or its subsidiaries, or any of their respective associates at HK\$0.45 per Placing Share.

Pursuant to the Placing and Subscription Agreement, the Company has conditionally agreed to allot and issue the Subscription Shares (the number of which shall be equivalent to the Placing Shares actually sold by the Vendor under the Placing) at HK\$0.45 per Subscription Share. The Subscription is subject to various conditions set out below under the paragraph headed “Conditions of the Subscription”.

The price per Placing Share represents (i) a discount of approximately 3.23% to the closing price of HK\$0.465 per Share as quoted on the Stock Exchange on 13 December 2010, being the last trading day immediately prior to the date of this announcement, (ii) a discount of 6.25% to the average closing price of HK\$0.48 per Share as quoted on the Stock Exchange for the last five trading days up to and including 13 December 2010, being the last trading day prior to the date of this announcement; and (iii) a discount of approximately 7.22% to the average closing price of HK\$0.485 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 13 December 2010, being the last trading day prior to the date of this announcement.

The Placing Shares represent approximately 4.90% of the existing issued share capital of the Company and approximately 4.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. Assuming that the Placing Shares are fully placed under the Placing, the Placing will reduce the shareholding of the Vendor and any party acting in concert with her from approximately 65.76% to approximately 60.86% of the existing issued share capital of the Company.

An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares.

The Subscription Shares will be allotted and issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 9 September 2010.

Assuming that the Placing Shares are fully placed under the Placing, the net proceeds from the Subscription will amount to approximately HK\$44.1 million, it will mainly be used for the purpose of speeding up the development of *Colourmix* cosmetic retail business in Hong Kong, the balance will be retained as reserve for business expansion and to provide additional capital at a lower cost for business opportunities which may arise in future.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 14 December 2010 at the request of the Company 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 9:30 a.m. on 15 December 2010.

PLACING AND SUBSCRIPTION AGREEMENT

1. The Placing

Vendor:

The Vendor, Ms. Lam Yuk Sum, is the chief executive officer and an executive director of the Company.

As at the date of this announcement, the Vendor and parties acting in concert with her were interested in 1,342,337,542 Shares representing approximately 65.76% of the entire issued share capital of the Company.

Number of Placing Shares:

The Placing Agent has agreed to procure, on a best effort basis, places for the purchase of up to 100,000,000 Shares owned by the Vendor, representing approximately 4.90% of the issued share capital of the Company as at the date of this announcement and, assuming the Placing Shares are fully placed under the Placing, approximately 4.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares pursuant to the Subscription.

Places:

It is expected that the Placing Shares will be placed to the following independent places:

1. CAM Global Funds SPC, a segregated portfolio company incorporated in the Cayman Islands.
2. J.P. Morgan Securities Limited, an entity incorporated in the United Kingdom.

Both CAM Global Funds SPC and J.P. Morgan Securities Limited are existing Shareholders, each holding less than 5% of the existing issued share capital of the Company.

Placing price:

HK\$0.45 per Placing Share.

This price was agreed after arm's length negotiations between the Vendor, the Company and the Placing Agent with reference to recent market prices of the Shares. This price represents (i) a discount of approximately 3.23% to the closing price of HK\$0.465 per Share as quoted on the Stock Exchange on 13 December 2010, being the last trading day immediately prior to the date of this announcement, (ii) a discount of 6.25% to the average closing price of HK\$0.48 per Share as quoted on the Stock Exchange for the last five trading days up to and including 13 December 2010, being the last trading day prior to the date of this announcement; and (iii) a discount of approximately 7.22% to the average closing price of HK\$0.485 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 13 December 2010, being the last trading day prior to the date of this announcement.

Placing Agent:

UOB KAY HIAN (Hong Kong) Limited

Independence of placees and placing agent:

Both CAM Global Funds SPC and J.P. Morgan Securities Limited are existing Shareholders.

To the best knowledge of the Directors:

- (a) the placees, (where applicable) their ultimate beneficial owners, the Placing Agent and its beneficial owners are independent of and not connected with and will not be acting in concert with the Vendor;
- (b) the placees, (where applicable) their ultimate beneficial owners, the Placing Agent and its beneficial owners are not connected persons of the Company and are independent of and not connected with the Company, the directors, chief executive or substantial shareholders of the Company or its subsidiaries, or any of their respective associates; and
- (c) none of the placees will become substantial shareholders of the Company immediately following the Placing.

Completion of the Placing:

Under the Placing and Subscription Agreement, completion of the Placing will take place on the earliest date on which the Shares resume trading on the Stock Exchange, which is expected to fall on 15 December 2010 or such other date as the Placing Agent may agree.

Rights of the Placing Shares:

The Placing Shares will be sold by the Vendor free of liens, charges, encumbrances, claims, options and any third party rights and with all rights attaching to the Placing Shares as at the date of completion of the Placing, including the right to receive all dividends and other distributions which may be declared, made or paid in respect of the Placing Shares if the record date shall fall on or after the date of completion of the Placing.

2. The Subscription**Subscriber:**

The Vendor

Number of Subscription Shares:

The Company has agreed to allot and issue and the Vendor has agreed to subscribe for up to 100,000,000 new Shares (the exact number of which will be equivalent to the number of the Placing Shares actually placed under the Placing), which, having an aggregate nominal value of HK\$1,000,000, represents approximately 4.90% of the issued share capital of the Company as at the date of this announcement and, assuming the Placing Shares are fully placed under the Placing, approximately 4.67% of the issued share capital as enlarged by the allotment and issue of the Subscription Shares.

Subscription price:

HK\$0.45 per Subscription Share, which is equivalent to the price per Placing Share.

Mandate to allot and issue new Shares:

The Subscription Shares will be allotted and issued pursuant to the general mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 9 September 2010. The Company is authorised to issue 369,597,395 Shares under such mandate and the Company has not exercised the power to allot and issue any new Shares pursuant to such mandate prior to the Placing and the Subscription. Accordingly, the issue of the Subscription Shares is not subject to Shareholders' approval.

Ranking:

The Subscription Shares will rank equally in all respects among themselves and with all other Shares in issue as at the date of completion of the Subscription.

Conditions of the Subscription:

The Subscription is conditional upon:

- (a) the Listing Committee of the Stock Exchange having granted or agreeing to grant the listing of, and permission to deal in, the Subscription Shares;
- (b) if required, the Executive granting a waiver to the Vendor to the effect that neither the Vendor nor any party acting in concert (as defined in the Takeovers Code) with her will be obliged to make a general offer for the Shares under the Takeovers Code as a result of the Subscription; and
- (c) completion of the Placing pursuant to the Placing and Subscription Agreement.

None of the above conditions can be waived by the parties to the Placing and Subscription Agreement.

Assuming the Placing Shares are fully placed under the Placing, the shareholding of the Vendor and any party acting in concert with her will decrease from approximately 65.76% to approximately 60.86% immediately after completion of the Placing and will increase to approximately 62.68% immediately after completion of the Subscription.

Completion of the Subscription:

Completion of the Subscription will take place on the next business day following the day on which the conditions referred to above are fulfilled.

If the conditions to the Subscription are not fulfilled by 28 December 2010 (or such later date as may be agreed by the Vendor and the Company in writing), all rights, obligations and liabilities of the parties pursuant to the Placing and Subscription Agreement in relation to the Subscription shall cease and determine and none of the parties thereto shall have any claim against any other in respect of the Subscription save in respect of any antecedent breach.

3. Termination

Pursuant to the Placing and Subscription Agreement, the Placing Agent shall have the right to terminate the Placing and Subscription Agreement by notice in writing given to the Vendor and the Company at any time prior to completion of the Placing if any of the following occurs:

- (a) there shall have come to the notice of the Placing Agent any material breach of, or any event rendering untrue or incorrect in any material respect, any of the representations and warranties of the Vendor or of the Company contained in the Placing and Subscription Agreement or any failure to perform any of the Vendor's or the Company's undertakings in the Placing and Subscription Agreement;
- (b) in the sole judgement of the Placing Agent, there shall have been such a change in the national or international financial, political or economic conditions or currency exchange rates or exchange controls as would in its judgement be likely to prejudice the success of the Placing or trading in the Shares in the secondary market;
- (c) any new law, rule or regulation or any change in existing laws (including common law), rules or regulations (or the juridical interpretation thereof) or other occurrence of any nature whatsoever which, in the reasonable opinion of the Placing Agent, are or may be materially adverse to the business or financial position or prospects of the Company or any other member of the Group taken as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing; or
- (d) any event or circumstance (whether or not forming part of a series of events or circumstances occurring or continuing before, on and/or after the date of the Placing and Subscription Agreement) or material change or deterioration in local, national, international, political, military, financial, economic, market or trading conditions or any other conditions (whether or not ejusdem generis with any of the foregoing) in any part of the world in which the Company or any other member of the Group carries on business which, in the reasonable opinion of the Placing Agent, is or may be materially adverse to the business or financial position or prospects of the Company or any other member of the Group taken as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing,

and that the right to terminate the Placing and Subscription Agreement under paragraphs (a) to (d) above shall be a separate and independent right and that the exercise of any such right by the Placing Agent shall not affect or prejudice or constitute a waiver of any other right, remedy or claim which the Placing Agent may have as at the date of such notice nor shall termination of the Placing and Subscription Agreement affect or prejudice any provision hereof expressed to survive or operate in the event of termination of the Placing and Subscription Agreement.

Upon termination of the Placing and Subscription Agreement by the Placing Agent as mentioned above, all rights and obligations of the parties shall cease (other than certain provisions of the Placing and Subscription Agreement including those relating to indemnity, fees, and treatment of the proceeds from the Placing) and the Placing and the Subscription will lapse.

CHANGES TO SHAREHOLDING AS A RESULT OF THE PLACING AND THE SUBSCRIPTION

Assuming the Placing Shares are fully placed under the Placing, the shareholding of the Vendor and any party acting in concert with her in the Company (a) immediately before the Placing; (b) immediately after the Placing but before the Subscription; and (c) immediately after the Placing and the Subscription are as follows:

	Existing shareholding		After the Placing but before the Subscription		After the Placing and the Subscription	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
<i>Connected persons</i>						
The Vendor and any party acting in concert with her	1,342,337,542	65.76	1,242,337,542	60.86	1,342,337,542	62.68
Sub-total:	1,342,337,542	65.76	1,242,337,542	60.86	1,342,337,542	62.68
<i>Public</i>						
Placees (Note 2)	–	–	100,000,000	4.90	100,000,000	4.67
Other public (Note 3)	699,067,696	34.24	699,067,696	34.24	699,067,696	32.65
Sub-total:	699,067,696	34.24	799,067,696	39.14	799,067,696	37.32
Total:	2,041,405,238	100.00	2,041,405,238	100.00	2,141,405,238	100.00

Notes:

1. The number of existing Shares held by the Shareholders mentioned in the above table is based on the register of members of the Company as at 14 December 2010.
2. The shareholding of the Placees only refers to the Placing Shares under the Placing and Subscription Agreement, without taking into account the existing shareholding of CAM Global Funds SPC and J.P. Morgan Securities Limited.
3. Both CAM Global Funds SPC and J.P. Morgan Securities Limited are existing Shareholders.

As disclosed in the above shareholding table, immediately after completion of the Placing as well as immediately after completion of the Placing and the Subscription, a minimum of 25% of the then issued share capital of the Company will be in public hands.

REASONS FOR THE PLACING AND SUBSCRIPTION AND USE OF PROCEEDS

The Directors consider that it is in the interests of the Company to raise capital from the equity market in order to enhance the capital base of the Company. The Directors (including the independent non-executive Directors) consider the terms of the Placing and Subscription Agreement to be fair and reasonable and are in the best interests of the Company, as far as the Company and the Shareholders as a whole are concerned.

Assuming that the Placing Shares are fully placed under the Placing:

- (i) the gross proceeds from the Subscription are estimated to be approximately HK\$45 million; and
- (ii) the net proceeds, after deducting related placing commission, professional fees and all related expenses which will be borne by the Company, from the Subscription are estimated to be approximately HK\$44.1 million and the net price per Subscription Share is estimated to be approximately HK\$0.441.

The net proceeds will mainly be used for the purpose of speeding up the development of *Colourmix* cosmetic retail business in Hong Kong, the balance will be retained as reserve for business expansion and to provide additional capital at a lower cost for business opportunities which may arise in future.

GENERAL INFORMATION

The Company is an investment holding company. The activities of its principal operating subsidiaries include the manufacture and sales of ladies fashion and sales of cosmetics.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

On 7 September 2010, the Company entered into a placing agreement with the Placing Agent pursuant to which the Company agreed to place, through the placing agent on a best effort basis, a maximum of 150,000,000 Shares to places at HK\$0.268 per Share. Completion of such placing took place on 15 September 2010. The net proceeds from such placing were approximately HK\$39.3 million which had been retained and used for general working capital of the Group, mainly for the purpose of expanding the cosmetic retail business in Hong Kong and opening counters at department stores for the fashion retail business in the Mainland China. Details of such placing were set out in the announcements of the Company dated 7 September 2010 and 20 September 2010.

Save as disclosed above, the Group has not conducted any equity fund raising activities in the past 12 months from the date of this announcement.

APPLICATION FOR LISTING

Application will be made to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 14 December 2010 at the request of the Company 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 9:30 a.m. on 15 December 2010.

DEFINITIONS

The following defined terms are used in this announcement:

“associates”	having the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“business day”	means a day (excluding Saturday; Sunday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business
“Company”	Veeko International Holdings Limited, the Shares of which are listed on the Main Board of the Stock Exchange

“connected persons”	having the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
“Group”	collectively, the Company and its subsidiaries for the time being
“HK\$”	Hong Kong Dollars, the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of the Placing Shares pursuant to the terms of the Placing and Subscription Agreement
“Placing Agent”	UOB KAY HIAN (Hong Kong) Limited, a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities
“Placing Shares”	up to a total of 100,000,000 Shares beneficially owned by the Vendor to be placed pursuant to the Placing and Subscription Agreement
“Placing and Subscription Agreement”	the placing and subscription agreement dated 14 December 2010 between the Vendor, the Company and the Placing Agent
“Share(s)”	ordinary share(s) of HK\$0.01 in the capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription”	the subscription of the Subscription Shares by the Vendor pursuant to the Placing and Subscription Agreement
“Subscription Shares”	up to a total of 100,000,000 new Shares, the exact number of which shall be equal to the number of Placing Shares actually placed out under the Placing
“substantial shareholders”	having the meaning ascribed thereto in the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendor”	Ms. Lam Yuk Sum, the chief executive officer and an executive director of the Company.
%	per cent.

By Order of the Board of
Veeko International Holdings Limited
Cheng Chung Man, Johnny
Chairman

Hong Kong, 14 December 2010

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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.