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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 SYG, a proposed wholly owned subsidiary of the Company which is in the process of incorporation in the PRC, entered into an agreement with the Auction Companies on 30 January 2007 to acquire the Property at a consideration of approximately RMB27,090,798.

As each of 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 Yungao Fashion Company Limited (汕頭韻高時裝有限公司) (“**SYG**”), a proposed wholly owned subsidiary of the Company which is in the process of incorporation in the People’s Republic of China (“**PRC**”), entered into an agreement (“**Agreement**”) with 汕頭經濟特區拍賣行 (Shantou Economic Special District Auction Company) and 汕頭市物業拍賣行 (Shantou City Property Auction Company) (collectively, the “**Auction Companies**”) on 30 January 2007 to acquire a block of building (excluding certain portions) known as “Xinhe Building” (“**新荷大廈**”) (“**Property**”) located in Shantou New and High Technology Industrial Development Zone in the PRC at a consideration of approximately RMB27,090,798 (“**Acquisition**”). The Property occupies an area of approximately 31,355.09m<sup>2</sup> and was put under auction held by the Auction Companies pursuant to a court order. With the knowledge that the incorporation process of SYG has not been completed, the Auction Companies accepted SYG’s entering into the Agreement as the purchaser. The Agreement is enforceable among the parties. The principal terms of the Agreement are set out below.

#### AGREEMENT

Date: 30 January 2007

Parties: the Auction Companies, which are engaged in carrying out auctions in the PRC, as the signing parties  
SYG as purchaser

Subject matter: A block of building (excluding certain portions) known as “Xinhe Building” located in Shantou New and High Technology Industrial Development Zone in the PRC, occupying an area of approximately 31,355.09m<sup>2</sup>

Consideration: Approximately RMB27,090,798

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, the Auction Companies and their 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 of Hong Kong Limited (“**Listing Rules**”)) of the Company.

#### Purchase Price

The price payable by SYG (“**Purchase Price**”) was determined by the Auction Companies pursuant to a court order of the Shantou City Intermediate People’s Court. Given that the Purchase Price was fixed by the Auction Companies with reference to a “reference price” (as referred to below) determined at the first auction of the Property, which was unsuccessful, the Directors, including the independent non-executive Directors, consider that the Purchase Price, which is lower than the “reference price” at the first auction, is fair and reasonable.

The Purchase Price is to be paid by SYG before the end of March 2007 in the following manner:

- (1) 90% of the Purchase Price to be paid to the account of the Shantou City Intermediate People’s Court; and
- (2) 10% of the Purchase Price to be paid to the account of the Auction Companies.

The relevant commission in respect of such auction, in the amount of RMB680,000, is to be paid before 12 February 2007 to the Auction Companies. As at the date of this announcement, RMB2,700,000 was paid to the Shantou City Intermediate People’s Court as part of the consideration.

#### Completion

It is expected that the completion of the Acquisition will take place one month after the full payment of the Purchase Price in around April 2007.

#### INFORMATION ON THE GROUP AND THE PROPERTY

The Group is principally engaged in the design, manufacture and retail of ladies’ apparel under the Group’s two own brand names, namely, *Veeko* and *Wanko*.

The Directors (including the independent non-executive Directors) are of the view that the entering into 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.

The first auction in respect of the Property was put up in November 2006 and the then “reference price”, determined by a property valuation at the direction of the Shantou City Intermediate People’s Court, of the Property was RMB33,863,497.20. The Group successfully acquired the Property at the second auction at a consideration of approximately RMB27,090,798.

## **REASONS FOR THE ACQUISITION**

The Group has established two manufacturing plants in Shantou, the PRC, which are operated in leased properties. Subsequent to the completion of the Acquisition, the Directors intend to move one of these plants into the Property in line with the Group's plan to expand its production capacity.

## **GENERAL**

As each of 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 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 have been converted into HK\$ at the rate of RMB1.00 to HK\$1.00. Such exchange rate has been used, where applicable, for purposes of illustration only and does 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  
**Veeko International Holdings Limited**  
**Cheng Chung Man, Johnny**  
*Chairman*

Hong Kong, 2 February 2007

Please also refer to the published version of this announcement in The Standard.