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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)

MAJOR TRANSACTION

On 2 March 2019, the Purchaser entered into the PSPA with the Vendor, an Independent Third Party, and the Property Agent pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Property at the Consideration of HK\$117,500,000. The Property shall be acquired from the Vendor on an “as is” basis and subject to existing tenancy.

As one of the applicable percentage ratios (within the meaning of the Listing Rules) for the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. Accordingly, the Acquisition is subject to the reporting, announcement, circular and Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution to approve the PSPA and the transactions contemplated thereunder if the Company were to convene a general meeting for such approval. Silver Crown, being the controlling Shareholder holding 1,393,347,737 Shares (representing

approximately 55.34% of the issued share capital of the Company as at the date of this announcement), has given its written approval for the PSPA and the transactions contemplated thereunder, and such written approval is accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. As a result, no extraordinary general meeting will be convened for the purpose of approving the PSPA and the transactions contemplated thereunder.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among others, information in relation to the PSPA and the transactions contemplated thereunder, is required to be despatched to the Shareholders for their information within 15 business days after the publication of this announcement. Since the Company requires additional time to prepare and finalise the necessary information for inclusion of the Circular, the Company has applied to the Stock Exchange to postpone the time for the despatch of the Circular. The Company will make further announcement after it has obtained the waiver from the Stock Exchange for delay in despatch of the Circular and the expected date of despatch of the Circular is confirmed.

Shareholders and potential investors of the Company should note that completion of the Acquisition is subject to the satisfaction of the conditions precedent. Therefore, the Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company, and are recommended to consult their professional advisers if they are in any doubt as to their position and as to actions that they should take.

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The PSPA

Date : 2 March 2019

Parties : (1) The Vendor, as vendor;
(2) The Purchaser, as purchaser; and
(3) The Property Agent

To the best of the Directors' knowledge and belief, having made all reasonable enquiry, the Vendor, the Property Agent and its ultimate beneficial owner(s) are Independent Third Parties.

Subject matter: The whole of ground floor of No. 88 San Hong Street North New Territories, Hong Kong

Consideration : HK\$117,500,000

Stamp duty : All stamp duty shall be borne by the Purchaser

Consideration

The Consideration of HK\$117,500,000 was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to the market value of similar properties in similar locations. The Directors have obtained estimated market price of the Property prior to signing of the PSPA. The Directors, including the independent non-executive Directors, consider that the Consideration is fair and reasonable. A valuation report on the Property prepared by an independent professional valuer to be appointed by the Company will be included in the Circular.

The Consideration shall be paid by the Purchaser by way of cash in the following manner:

- (1) initial deposit of HK\$5,875,000, representing 5% of the Consideration, upon signing of the PSPA;
- (2) further deposit of HK\$5,875,000, representing 5% of the Consideration, on or before 15 March 2019;
- (3) HK\$105,750,000, representing the balance of the Consideration, upon completion of the Acquisition.

In the event that the Purchaser fails to (i) pay the further deposit in accordance with the PSPA (i.e. paying the further deposit of HK\$5,875,000 on or before 15 March 2019); or (ii) complete the Acquisition (save as in the event that the PSPA being terminated in accordance with the terms thereof), the Vendor will be entitled not to proceed to completion of the Acquisition, and forfeit the deposit paid by the Purchaser absolutely.

In the event that there is any encumbrance with the title of the Property, the Vendor shall refund the deposit in full (to the extent paid and without interest) to the Purchaser, and the Purchaser shall not have any rights to claim against the Vendor, including other damages, costs and specific performance. The Vendor and the Purchaser shall enter into an agreement for cancellation of sale and purchase of the Property.

It is expected that the Consideration will be financed by a combination of internal resources of the Group and bank borrowings.

Formal agreement

Formal sale and purchase agreement for the PSPA is expected to be signed by the Vendor and the Purchaser on or before 15 March 2019.

Completion

Completion of the Acquisition will take place on or before 18 June 2019 and is conditional upon obtaining the approval of the Shareholders as required by and in accordance with the Listing Rules. In the event the Shareholders' approval is not obtained within 90 days from the date of the PSPA, the Acquisition shall be null and void, all deposits paid (being 10% of the Consideration) shall be forfeited by the Vendor, and the parties to the PSPA shall as soon as practicable at their respective costs enter into an agreement for cancellation of the sale and purchase of the Property and release each other from all further obligations and liabilities under the PSPA and none of the parties to the PSPA shall have any right to seek specific performance of the PSPA and any such right is thereby waived to the fullest extent.

The Purchaser undertakes to procure the Company as soon as practicable to convene a meeting of the Shareholders or to obtain the written approval of a Shareholder or its closely allied group of Shareholders in accordance with the Listing Rules for obtaining such approval.

Existing tenancy agreement

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, based on the information provided by the Vendor as at the date of this announcement, the Property is currently leased by the Vendor to a tenant, while such tenant being an Independent Third Party. Details of the existing tenancy arrangement regarding the Property are set out below:

	Rental	Current term of tenancy
The Property	Approximately HK\$248,000 per month (exclusive of government rates, government rent and management fee)	From 1 April 2018 up to 31 December 2020

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, based on the information provided by the Vendor as at the date of this announcement, prior to the term of the current tenancy arrangement, the Property was leased by the Vendor to the same tenant of the current tenancy arrangement with a monthly rental of approximately HK\$178,000 (exclusive of government rates, government rent and management fee) between 1 March 2016 and 31 March 2018. Based on the current information available to the Company in respect of the rental of the Property during the two years ended 31 March 2018, the Group would have generated net profit before and after taxation of approximately HK\$2,136,000 and HK\$1,784,000 respectively for the two years ended 31 March 2018 from the rental income in respect of the Property.

INFORMATION ON THE VENDOR

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor is an individual and an Independent Third Party. The Company does not have any transactions with the Vendor completed within 12 months prior to the Acquisition.

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 *Wanko* and *Veeko*, and the retailing of cosmetics and skin care products at its cosmetics chain stores *Colourmix* and *MORIMOR*.

It is intended that the Property would be used for investment purposes by leasing out for rental income. Upon the expiry of the existing tenancy agreement, the Group shall evaluate the benefit of continuing leasing of the Property against the benefit of using the Property as the Group's store.

The Board (including the independent non-executive Directors) is of the view that the entering into the PSPA is on normal commercial terms and the terms of the PSPA are fair and reasonable and in the interests of the Shareholders and the Company as a whole. The Directors consider that the Acquisition represents a good investment opportunity for the Group.

GENERAL

As one of the applicable percentage ratios (within the meaning of the Listing Rules) for the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. Accordingly, the Acquisition is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution to approve the PSPA and the transactions contemplated thereunder if the Company were to convene a general meeting for such approval. Silver Crown, being the controlling Shareholder holding 1,393,347,737 Shares (representing approximately 55.34% of the issued share capital of the Company as at the date of this announcement), has given its written approval for the PSPA and the transactions contemplated thereunder, and such written approval is accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. As a result, no extraordinary general meeting will be convened for the purpose of approving the PSPA and the transactions contemplated thereunder.

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Shareholders and potential investors of the Company should note that completion of the Acquisition is subject to the satisfaction of the conditions precedent. Therefore, the Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company, and are recommended to consult their professional advisers if they are in any doubt as to their position and as to actions that they should take.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the Property by the Purchaser from the Vendor under the PSPA
“Board”	the board of Directors
“Circular”	the circular to be despatched by the Company and containing, among others, information in relation to the PSPA and the transactions contemplated thereunder
“Company”	Veeko International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1173)

“Consideration”	HK\$117,500,000, being the purchase price of the Property
“controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected to the Company and any of its connected persons or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	the whole of ground floor of No. 88 San Hong Street North New Territories, Hong Kong
“Property Agent”	Midland Realty (Shops II) Ltd.
“PSPA”	the provisional sale and purchase agreement dated 2 March 2019 and entered into between the Vendor, the Purchaser and the Property Agent in respect of the Acquisition
“Purchaser”	Colourmix Cosmetics Company Limited, a wholly owned subsidiary of the Company

“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Silver Crown”	Silver Crown Profits Limited, being a controlling Shareholder holding 1,393,347,737 Shares (representing approximately 55.34% of the issued share capital of the Company as at the date of this announcement)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	owner of the Property as at the date of this announcement
“%”	per cent.

By Order of the Board

Veeko International Holdings Limited

Cheng Chung Man, Johnny

Chairman

Hong Kong, 3 March 2019

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, one non-executive Director, namely Mr. Lam Man Tin, and three independent non-executive Directors, namely Mr. Au-Yeung Hau Cheong, Dr. Fok Kam Chu John and Mr. Yeung Wing Kay.