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Veeko[®]
VEEKO INTERNATIONAL HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)
(Stock code: 1173)

**DISCLOSEABLE TRANSACTION:
ACQUISITION OF PROPERTY IN THE PRC**

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DEFINITIONS

In this circular, the following expressions have the meanings set out below unless the context requires otherwise.

“Acquisition”	the acquisition of the Property as contemplated under the Agreement
“Agreement”	the agreement dated 5 April 2008 (as supplemented by an agreement dated 7 April 2008) entered into between SHD and Shantou Chaifa in respect of the Acquisition
“Bank”	the Shenzhen Branch of Bangkok Bank Public Company Limited
“Board”	the board of Directors
“Company”	Veeko International Holdings Limited, a company incorporated in the Cayman Islands and whose issued shares are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	23 April 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Property”	two blocks of industrial building known as Block 1 and Block 2 “Chaifa Industrial City” (“預發工業城”) located in Longhu District Shantou City in the PRC
“Purchase Price”	RMB22 million (equivalent to approximately HK\$24.4 million), being the purchase price payable by SHD under the Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)

DEFINITIONS

“Shantou Chaifa”	Shantou SEZ Chaifa Indu. Co., Ltd. (汕頭經濟特區預發實業有限公司)
“SHD”	Shantou Huanan Digao Fashion Company Limited (汕頭華南迪高時裝有限公司), a wholly owned subsidiary of the Company established in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“m ² ”	square metre
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America

In this circular, for the purpose of illustration only, amounts quoted in RMB and US\$ have been converted into HK\$ at the rate of HK\$1.00 to RMB0.9005 and US\$1.00 to HK\$7.7906 respectively. Such exchange rates have been used, where applicable, for the purpose of illustration only and do not constitute a representation that any amounts were or may have been exchanged at these or any other rates or at all.

LETTER FROM THE BOARD

Veeko®

VEEKO INTERNATIONAL HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1173)

Executive Directors:

Mr. Cheng Chung Man, Johnny (*Chairman*)
Ms. Lam Yuk Sum

Independent non-executive Directors:

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

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1- 1111
Cayman Islands

Principal office in Hong Kong:

10th Floor, Wyler Centre Phase II
192-200, Tai Lin Pai Road
Kwai Chung, New Territories
Hong Kong

To the shareholders of the Company

29 April 2008

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION: ACQUISITION OF PROPERTY IN THE PRC

INTRODUCTION

On 5 April 2008, SHD, a wholly owned subsidiary of the Company established in the PRC, entered into an agreement (as supplemented by an agreement dated 7 April 2008) with Shantou Chaifa to acquire the Property at a consideration of RMB22 million (equivalent to approximately HK\$24.4 million).

As the applicable percentage ratios (within the meaning of the Listing Rules) for the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules. The purpose of this circular is to give you further details of the Agreement and other information of the Group.

LETTER FROM THE BOARD

AGREEMENT

- Date: 5 April 2008 (as supplemented by an agreement entered into by the same parties as set out below on 7 April 2008)
- Parties: Shantou Chaifa, which is principally engaged in processing and manufacturing of apparels and leather goods, as vendor
- SHD as purchaser
- Guarantor (for vendor), the legal representative of Shantou Chaifa
- Subject matter: Two blocks of industrial building known as Block 1 and Block 2 “Chaifa Industrial City” located in Longhu District Shantou City in the PRC, comprises a total construction area of approximately 18,888m². The Property is subject to a charge in favour of the Bank for an amount of US\$2 million (equivalent to approximately HK\$15.6 million)
- Purchase Price: RMB22 million (equivalent to approximately HK\$24.4 million)

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, Shantou Chaifa and its ultimate beneficial owner and the guarantor are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company. The Company does not have any transactions with Shantou Chaifa or its ultimate beneficial owner completed within 12 months prior to the Acquisition.

The Purchase Price was determined after arm’s length negotiations and with reference to the preliminary valuation on the Property commissioned by the Company. Such preliminary valuation (by direct comparison approach based on market information) was conducted by a valuer who is a third party independent of the Company and connected persons (as defined in the Listing Rules) of the Company and the market value of the Property as at 8 April 2008 was estimated to be approximately RMB24.8 million (equivalent to approximately HK\$27.5 million). The Directors, including the independent non-executive Directors, consider that the Purchase Price is fair and reasonable.

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

- (1) RMB2 million (equivalent to approximately HK\$2.2 million) had been paid to Shantou Chaifa within five days upon signing of the Agreement;
- (2) RMB16 million (equivalent to approximately HK\$17.8 million) to be paid before 20 May 2008 for the release of the charge over the Property; and

LETTER FROM THE BOARD

- (3) the remaining balance of RMB4 million (equivalent to approximately HK\$4.4 million) to be paid when (i) Shantou Chaifa has fully paid to the relevant authorities all taxes and other charges payable by it in relation to the Acquisition; and (ii) Shantou Chaifa has delivered vacant possession of the Property.

Completion: Completion of the Acquisition will take place upon the issue of the Real Estate Title Certificates in favour of SHD.

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, *Veeko* and *Wanko* and the retailing of cosmetics and skin care products.

It is expected that continuous growth in the retail business of the Group will be observed and it is intended that the Property would be utilised as one of the manufacturing plants of the Group in anticipation of the expansion of the business of the Group. The Acquisition could enhance the Group's production capacity and at the same time support the Group's plan in the expansion of its retail business. The total amount of non-current assets of the Group is expected to be increased by the value of the Property which is approximately HK\$24.4 million and the total amount of current assets of the Group is expected to be decreased by the payment of the Purchase Price paid to Shantou Chaifa. Save as disclosed, the Acquisition does not have any material effect on the assets, liabilities and earnings of the Group.

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.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendix to this circular.

Yours faithfully,
On behalf of the Board
Veeko International Holdings Limited
Cheng Chung Man, Johnny
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. DIRECTORS' INTERESTS

- (a) As at the Latest Practicable Date, the interests and short positions of each Director in the shares or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Name of company	Capacity	Number and class of securities (note 1)
Cheng Chung Man, Johnny	The Company	Founder (note 2)	1,073,134,964 ordinary shares (L)
Lam Yuk Sum	The Company	Beneficiary of a trust (note 2)	1,073,134,964 ordinary shares (L)
	The Company	Beneficial owner	142,255,452 ordinary shares (L)

Notes:

- The letter "L" represents the Director's interests in the shares of the Company.
- As at the Latest Practicable Date, these shares were beneficially owned by Silver Crown Profits Limited ("Silver Crown"). The shares in Silver Crown were in turn held by the trustee of the J Cheng Family Trust, a discretionary trust set up by Mr. Cheng Chung Man, Johnny and the discretionary objects of which include family members of Mr. Cheng Cheng Chung Man, Johnny and Ms. Lam Yuk Sum.

- (b) Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest and short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

- (a) As at the Latest Practicable Date, so far as is known to the Directors, the following persons, other than a director or chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name of shareholder	Capacity	Number of ordinary shares (note 1)	Approximate percentage of interest
Silver Crown	Beneficial owner	1,036,372,751 shares (L) (note 2)	60.12%
Well Feel Group Limited	Interest of a controlled corporation (note 3)	1,036,372,751 shares (L) (note 2)	60.12%
HSBC International Trustee Limited	Trustee (note 3)	1,036,372,751 shares (L) (note 2)	60.12%
Value Partners Limited ("Value Partners")	Investment manager	136,460,000 shares (L)	7.91%
Value Partners Group Limited	Interest of a controlled corporation (note 4)	136,460,000 shares (L)	7.91%
Cheah Capital Management Limited	Interest of a controlled corporation (note 4)	136,460,000 shares (L)	7.91%
Cheah Company Limited	Interest of a controlled corporation (note 4)	136,460,000 shares (L)	7.91%

Name of shareholder	Capacity	Number of ordinary shares (note 1)	Approximate percentage of interest
Hang Seng Bank Trustee International Limited	Trustee (note 4)	136,460,000 shares (L)	7.91%
Cheah Cheng Hye	Interest of a controlled corporation (note 4)	136,460,000 shares (L)	7.91%
To Hau Yin	Interest of a controlled corporation (note 4)	136,460,000 shares (L)	7.91%

Notes:

1. The letter "L" represents the entity's interests in the shares of the Company.
 2. As at the Latest Practicable Date, Silver Crown was interested in 1,073,134,964 shares of the Company. However, as the change in number of shares held by Silver Crown did not trigger an obligation for Silver Crown, Well Feel Group Limited and HSBC International Trustee Limited, as substantial shareholders of the Company, to file notices ("DI Notices") for disclosure of interest under Part XV of the SFO, such information was only based on the DI Notices currently filed by the relevant shareholders of the Company and published on the website of the Stock Exchange.
 3. The entire issued share capital of Silver Crown was held by Well Feel Group Limited which in turn was a wholly owned subsidiary of HSBC International Trustee Limited. By virtue of the provisions of Part XV of the SFO, each of Well Feel Group Limited and HSBC International Trustee Limited was deemed to be interested in all the shares of the Company in which Silver Crown was interested.
 4. As at the Latest Practicable Date, 136,460,000 shares of the Company were held by Value Partners which was wholly owned by Value Partners Group Limited ("VPGL"). Cheah Capital Management Limited which holds 35.65% interest in VPGL, which in turn is wholly owned by Cheah Company Limited ("CCL"). Hang Seng Bank Trustee International Limited was the trustee of a discretionary trust of CCL. By virtue of the SFO, each of Mr. Cheah Cheng Hye, being the founder of such discretionary trust, and Ms. To Hau Yin as his spouse is deemed to be interested in the interest held by Value Partners.
- (b) As at the Latest Practicable Date, so far as is known to the Directors, the following entity was interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of other members of the Group:

Name of subsidiary	Name of entity	Percentage of holding
東莞迪高時裝有限公司 (Dong Guan Dico Fashion Co., Ltd.)	東莞市虎門企業發展公司 (unofficial translation being Dongguan Humen Enterprise Development Company)	25%

- (c) Save as disclosed in this circular, so far as is known to the Directors, there is no other person who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, had a direct or indirect interests amounting to 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group.

4. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claims of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

5. DIRECTORS' SERVICE CONTRACTS

None of the Directors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation. As at the Latest Practicable Date, there was not any proposed Director or proposed service contract with Directors.

6. COMPETING BUSINESS

None of the Directors and his associates (as defined in the Listing Rules) has any interests in any business, apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

7. MISCELLANEOUS

- (a) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1- 1111, Cayman Islands.
- (b) The head office and principal place of business of the Company in Hong Kong is at 10th Floor, Wyler Centre Phase II, 192-200, Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong.
- (c) The company secretary and qualified accountant of the Company is Ms. Wong Chi Ying, a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and an associate member of the Hong Kong Institute of Certified Public Accountants.
- (d) The branch share registrar and transfer office of the Company is Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.