
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Veeko International Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**PROPOSALS FOR GENERAL MANDATES
TO REPURCHASE SHARES AND ISSUE NEW SHARES,
AMENDMENTS TO ARTICLES OF ASSOCIATION,
RE-ELECTION OF RETIRING DIRECTOR
AND
NOTICE OF ANNUAL GENERAL MEETING**

The notice convening the 2006 Annual General Meeting of Veeko International Holdings Limited (the "Company") to be held at 10th Floor, Wyler Centre Phase II, 192-200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong on 21st August, 2006 at 10:30 a.m. at which the above proposals will be considered is set out in Appendix II to this circular.

A form of proxy for the Annual General Meeting is also enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's Share Registrars in Hong Kong, Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting if you so wish.

28th July, 2006

LETTER FROM THE BOARD

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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)

Executive Directors:

Cheng Chung Man, Johnny (*Chairman*)

Lam Yuk Sum (*Managing Director*)

Independent Non-Executive Directors:

Cheng Chung Hoo

Yang Wei Tak

Yeung Wing Kay

Registered Office:

Century Yard, Cricket Square

Hutchins Drive, P.O. Box 2681 GT

George Town, Grand Cayman

British West Indies

Principal Place of Business in Hong Kong:

10th Floor, Wyler Centre Phase II

192-200 Tai Lin Pai Road

Kwai Chung, New Territories

Hong Kong

28th July, 2006

To the shareholders

Dear Sir or Madam,

**PROPOSALS FOR GENERAL MANDATES
TO REPURCHASE SHARES AND ISSUE NEW SHARES,
AMENDMENTS TO ARTICLES OF ASSOCIATION,
RE-ELECTION OF RETIRING DIRECTOR
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the 2006 annual general meeting of the Company to be held on 21st August, 2006 (the “AGM”), as required by the relevant rules set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). These include i) ordinary resolutions relating to the granting to the directors of the Company (the “Directors”) general mandates for the repurchase of the Company’s shares of HK\$0.01 each (the “Shares”) and the issue of its Shares; ii) special resolution relating to the amendments to the articles of association of the Company (“the Articles”); and iii) ordinary resolution relating to the re-election of the retiring director.

LETTER FROM THE BOARD

GENERAL MANDATE TO REPURCHASE SHARES

At the AGM, an ordinary resolution will be proposed that the Directors be granted a general and unconditional mandate to exercise all powers of the Company to repurchase on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the Shares of the Company may be listed, Shares up to a maximum of 10 per cent of the issued share capital of the Company as at the date of passing of the relevant resolution (the “Repurchase Mandate”).

GENERAL MANDATE TO ISSUE SHARES

An ordinary resolution will also be proposed that the Directors be granted a general and unconditional mandate to issue, allot and deal with Shares up to a maximum of 20 per cent of the issued share capital of the Company as at the date of passing of the relevant resolution (the “Issue Mandate”).

In addition, an ordinary resolution will be proposed at the AGM adding any Shares repurchased under the Repurchase Mandate to the Issue Mandate. The Repurchase Mandate and the Issue Mandate would continue in force until the conclusion of the next annual general meeting of the Company unless it is renewed at such meeting or until revoked or varied by ordinary resolutions of the shareholders of the Company (the “Shareholders”) in a general meeting held prior to the next annual general meeting of the Company.

An explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the proposed general mandate to repurchase Shares is set out in Appendix I to this circular. The explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolutions at the AGM.

AMENDMENTS TO ARTICLES OF ASSOCIATION

To bring the constitution of the Company in compliance with the Code on Corporate Governance Practices of the Listing Rules which came into effect on 1st January, 2005 and to conform with the amended provisions of Appendices 3 and 13 Part B to the Listing Rules which came into effect on 1st March, 2006, a special resolution will be proposed to amend the Articles of Association of the Company (the “Articles”). The amendments include, inter alia:–

- i) requiring every Director, including those appointed for a specific term, to retire by rotation at least once every three years;
- ii) requiring directors appointed by Directors to fill casual vacancy to hold office until the first general meeting held after their appointment; and
- iii) allowing the removal of Directors by ordinary resolution.

The proposed amendments to the Articles are subject to the approval of the Shareholders by way of a special resolution to be proposed at the AGM. Shareholders should refer to the special resolution as set out in the notice of the AGM as Appendix II to this circular for the details of the proposed amendments.

LETTER FROM THE BOARD

RE-ELECTION OF RETIRING DIRECTOR

In relation to item 3 as set out in the notice of the AGM, Mr. Cheng Chung Hoo will retire from office as Director at the AGM pursuant to Article 108 of the Articles. Mr. Cheng, being eligible, will offer himself for re-election at the AGM pursuant to the Articles.

Biographical details of the above retiring director, which are required to be disclosed pursuant to the Listing Rules, are set out in Appendix III to this circular.

NOTICE OF ANNUAL GENERAL MEETING

Notice of the AGM is set out in Appendix II to this circular. A proxy form for appointing proxy is despatched with this circular and published on the website of the Stock Exchange (www.hkex.com.hk). Whether or not you intend to attend the AGM, you are requested to complete the proxy form and return it to the Company's Share Registrars in Hong Kong, Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the AGM or the adjourned meeting. Completion and return of a proxy form will not preclude you from attending and voting at the meeting and at any adjournment thereof if you so wish.

PROCEDURE FOR DEMANDING A POLL

Pursuant to Article 72 of the Articles, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded by:–

- (a) the Chairman of the meeting; or
- (b) at least three shareholders present in person (or, in the case of a shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) any shareholder or shareholders present in person (or, in the case of a shareholder being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the shareholders having the right to vote at the meeting; or
- (d) any shareholder or shareholders present in person (or, in the case of a shareholder being a corporation, by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the proposed granting of the general mandates to the Directors to repurchase Shares and to issue Shares, the amendments to the Articles and the re-election of the retiring Director are in the best interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of the relevant resolutions as set out in the notice of the AGM.

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

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide certain information to you for your consideration of the Repurchase Mandate.

1. SHARE CAPITAL

As at 21st July, 2006 being the latest practicable date prior to the printing of this circular (the “Latest Practicable Date”), there was a total of 1,662,200,000 Shares in issue.

Subject to the passing of the resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased before the AGM, the Company will be allowed to repurchase a maximum of 166,220,000 Shares.

2. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders to seek a general authority from the Shareholders to enable the Company to repurchase its Shares on the Stock Exchange. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per share of the Company and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

3. FUNDING OF REPURCHASES

Repurchases made pursuant to the Repurchase Mandate would be funded out of funds legally available for the purpose in accordance with the Company’s memorandum and articles of association and the applicable laws of the Cayman Islands.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the Annual Report for the year ended 31st March, 2006) in the event that the Repurchase Mandate were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse impact on the working capital requirements of the Company or the gearing levels of the Company.

4. SHARE PRICES

The following table shows the highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the 12 months preceding the Latest Practicable Date:–

| Month | Share Prices Per Share | |
|------------------------------|------------------------|--------|
| | Highest | Lowest |
| | HK\$ | HK\$ |
| 2005 | | |
| July | 0.360 | 0.300 |
| August | 0.325 | 0.280 |
| September | 0.300 | 0.236 |
| October | 0.250 | 0.200 |
| November | 0.236 | 0.195 |
| December | 0.234 | 0.219 |
| 2006 | | |
| January | 0.245 | 0.215 |
| February | 0.237 | 0.221 |
| March | 0.246 | 0.227 |
| April | 0.250 | 0.230 |
| May | 0.240 | 0.220 |
| June | 0.233 | 0.215 |
| July (up to 21st July, 2006) | 0.238 | 0.202 |

5. GENERAL

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates, has any present intention to sell any Shares to the Company, if the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will only exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands, and in accordance with the regulations set out in the memorandum and articles of association of the Company.

The Company has not been notified by any connected person (as defined in the Listing Rules) that such a person has a present intention to sell, or has undertaken not to sell, any Shares to the Company, if the Repurchase Mandate is approved by the Shareholders.

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Hong Kong Code on Takeovers and Mergers (the "Code"). Accordingly, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, Silver Crown Profits Limited held 994,044,180 shares representing 59.80 per cent of the issued share capital of the Company. In the event that the Directors should exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the Repurchase Mandate, the shareholding of Silver Crown Profits Limited in the Company would be increased to approximately 66.45 per cent of the issued share capital of the Company. Such increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Code nor reduce the amount of Shares held by the public to less than 25 per cent.

Save as disclosed above, the Directors are currently not aware of any consequences which will arise under the Code as a result of any purchase made under the Repurchase Mandate.

No Shares had been repurchased by the Company, whether on the Stock Exchange or otherwise, in the last six months preceding the Latest Practicable Date.

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威高國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1173)

NOTICE OF 2006 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2006 Annual General Meeting (the “Meeting”) of Veeko International Holdings Limited (the “Company”) will be held at 10th Floor, Wyler Centre Phase II, 192-200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong on Monday, 21st August, 2006 at 10:30 a.m. for the following purposes:–

1. To consider and adopt the audited financial statements and the reports of the directors and auditors for the year ended 31st March, 2006.
2. To declare a final dividend for the year ended 31st March, 2006.
3. To re-elect the retiring director and to authorise the Board of Directors to fix the directors’ remuneration.
4. To re-appoint auditors and to authorise the Board of Directors to fix their remuneration.
5. To consider and if thought fit, pass, with or without amendments, the following resolutions as Ordinary Resolutions:–

A. **“THAT**

- (a) subject to paragraph A(b) below, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase its own shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong (the “Securities and Futures Commission”) and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the rules and regulations of the Securities and Futures Commission and the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved and authorised;

- (b) the aggregate nominal amount of the share capital of the Company to be purchased or agreed to be purchased by the Company pursuant to the approval in paragraph A(a) above during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this Resolution and the approval pursuant to paragraph A(a) shall be limited accordingly; and
- (c) for the purpose of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting; and
 - (iii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held.”

B. “THAT

- (a) subject to paragraph B(b) below, a general mandate be and is hereby unconditionally given to the directors of the Company (the “Directors”) to exercise all the powers of the Company during the Relevant Period (as hereinafter defined) to issue, allot and deal with the unissued shares in the capital of the Company (or securities convertible into shares, or options, warrants or similar rights to subscribe for any shares), and to make and grant offers, agreements and options which would or might require the exercise of such powers, whether during the continuance of the Relevant Period or thereafter;
- (b) the aggregate nominal amount of the share capital allotted or agreed conditionally or unconditionally to be allotted or dealt with pursuant to the approval in paragraph B(a) above during the Relevant Period, otherwise than pursuant to the following, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this Resolution and the said approval shall be limited accordingly:–
 - (i) a rights issue where shares are offered for a period fixed by the Directors to shareholders on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard, as appropriate, to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or stock exchange in Hong Kong, or in any territory applicable to the Company);

- (ii) an issue of shares under any share option scheme or similar arrangement for the time being adopted, as varied from time to time, for the grant or issue or rights to acquire shares of the Company;
 - (iii) any issue of shares in the Company upon the exercise of rights of conversion or under the terms of any securities which are convertible into shares of the Company or warrants to subscribe for shares of the Company; or
 - (iv) any scrip dividend scheme or similar arrangement implemented in accordance with the articles of association of the Company; and
- (c) for the purpose of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting; and
 - (iii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held.”
- C. “**THAT** conditional upon Resolutions A and B being passed, the general mandate granted to the directors of the Company pursuant to Resolution B to exercise the powers of the Company to issue, allot and deal with unissued shares in the capital of the Company be and is hereby extended by the addition thereto the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Resolution A, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this Resolution.”
6. As special business to consider and, if thought fit, pass, with or without amendments, the following resolution as a Special Resolution:–
- “**THAT** the Articles of Association of the Company be and are hereby amended in the following manner:–
- (a) By inserting the words ‘voting by way of a poll is required by the rules of the relevant stock exchange or’ after the words ‘a show of hands unless’ in Article 72; and by deleting the full stop at the end of Article 72(iv) and substituting therefor a semi-colon and inserting the word ‘or’ after the semi-colon.

Then by inserting the following as new Article 72(v):-

‘(v) if required by the rules of the relevant stock exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting.’

(b) By deleting the word ‘Special’ in Article 105(vii) and substituting therefor the word ‘Ordinary’.

(c) By deleting the existing Articles 108(A) and 108(B) in their entireties and substituting therefor the following new Articles 108(A) and 108(B):-

‘108. (A) Unless and until the Company in a general meeting shall otherwise determine, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation, provided that every Director (including those appointed for a specific term or holding office as Chairman or Managing Director or Joint Managing Director under Article 122) shall be subject to retirement by rotation at least once every three years.

(B) The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot. A retiring Director shall retain office until the close of the meeting at which he retires, and shall be eligible for re-election thereat.’

(d) By deleting the last sentence of Article 111.

(e) By deleting the last sentence of Article 112 and substituting therefor the following:-

‘Any Director so appointed shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board), and shall then be eligible for re-election at that meeting provided that any Director who so retires shall not be taken into account in determining the number of Directors who are to retire at such meeting by rotation pursuant to Article 108.’

(f) By deleting the word ‘Special’ in the first sentence of Article 114 and substituting therefor the word ‘Ordinary’ and deleting the last sentence of Article 114.

- (g) By deleting the existing Article 124 in its entirety and substituting therefor the following new Article 124:–

‘124. A Director appointed to an office under Article 122 shall be subject to the same provisions as to rotation, resignation and removal as the other Directors of the Company, and he shall ipso facto and immediately cease to hold such office if he shall cease to hold the office of Director for any cause.’”

By order of the Board
Veeko International Holdings Limited
Wong Chi Ying
Company Secretary

Hong Kong
28th July, 2006

Notes:

- (1) A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
- (2) In order to be valid, the form of proxy together with the power of attorney, or other authority, if any, under which it is signed, or a notarially certified copy thereof, must be deposited at the Company’s Share Registrars in Hong Kong, Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong not less than 48 hours before the time fixed for holding the Meeting or adjournment thereof.
- (3) The register of members of the Company will be closed from Tuesday, 15th August, 2006 to Monday, 21st August, 2006, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Share Registrars in Hong Kong, Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, 14th August, 2006.

The directors of the Company as at the date of this notice are Mr. Cheng Chung Man, Johnny and Ms. Lam Yuk Sum being the Executive Directors and Messrs. Cheng Chung Hoo, Yang Wei Tak and Yeung Wing Kay being the Independent Non-Executive Directors.

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

Mr. Cheng Chung Hoo, aged 69, was appointed as an Independent Non-Executive Director of the Company with effect from 23rd March, 1999 and he is the chairman of the Remuneration Committee and the Audit Committee. Mr. Cheng has been a managing director of an international trading and property development company since 1975 and also a managing director of a property investment company over 14 years. Mr. Cheng does not at present hold, nor in the last three years, held any directorships in any other listed public company.

Mr. Cheng has no relationship with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Company nor does he have any interest within the meaning of Part XV of the Securities and Futures Ordinance in the Shares of the Company. Mr. Cheng has signed an appointment letter with the Company for a term of two years commencing from 23rd March, 1999 and another appointment letter for a term of four years commencing from 23rd March, 2001 and a further appointment letter for a term of two years from 23rd March, 2005. He is, however, subject to retirement and re-election at the annual general meeting of the Company in accordance with the provisions of the Articles. He is entitled to an annual director's fee of HK\$100,000 as determined by the board on the basis of prevailing market rate with reference to his experiences and duties.

There is no information which is discloseable nor is/was Mr. Cheng involved in any matters required to be disclosed pursuant to any of the requirements of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there is no other matters concerning him that need to be brought to the attention of the Shareholders.