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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, 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 together with the accompanying form of election to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the 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)

Executive Directors:

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

Non-executive Director:

Mr. Lam Man Tin

Independent non-executive Directors:

Mr. Au-Yeung Hau Cheong
Dr. Fok Kam Chu, John
Mr. Yeung Wing Kay

Registered office:

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Cayman Islands

Principal place of business

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Hong Kong

2 October 2018

To the shareholders of the Company (“Shareholders”)

Dear Sirs,

SCRIP DIVIDEND SCHEME

INTRODUCTION

By the announcement of the Company dated 26 June 2018, the board of directors (“**Directors**”) of Veeko International Holdings Limited (“**Company**”, which together with its subsidiaries, the “**Group**”) announced the final results of the Group for the year ended 31 March 2018 and recommended, among other matters, the payment of a final dividend (“**Final Dividend**”) of HK0.5 cent per share (each a “**Share**”) of HK\$0.01 each in the share capital of the Company by way of cash with an option to elect to receive wholly or partly an allotment and issue of new Shares (“**Scrip Shares**”), credited as fully paid, in lieu of cash payment (“**Scrip Dividend Scheme**”). The Final Dividend is payable to the Shareholders (“**Qualifying Shareholders**”) whose names appeared on the register of members of the Company on 17 September 2018 (“**Record Date**”).

At the annual general meeting of the Company held on 5 September 2018, the Final Dividend and the Scrip Dividend Scheme were approved by the Shareholders.

SCRIP DIVIDEND SCHEME

Particulars of the Scrip Dividend Scheme

Under the Scrip Dividend Scheme, each Qualifying Shareholder has an option to elect to receive the Final Dividend:

- (a) by way of cash payment; or
- (b) by way of an allotment and issue of the Scrip Shares; or
- (c) by way of a combination of partly in (a) and partly in (b) above.

The number of Scrip Shares to be allotted and issued to a Qualifying Shareholder who elects either (b) or (c) above will be calculated with reference to the amount arrived at by dividing the total amount of the Final Dividend which he/she/it elects to be made payable to him/her/it by way of Scrip Shares by the average closing price of the Shares on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) for the five consecutive trading days ended 17 September 2018 less a discount of ten per cent. of such average closing price.

The Scrip Shares to be allotted and issued pursuant to the Scrip Dividend Scheme will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Scrip Shares save that they will not be entitled to the Final Dividend. In particular, they will rank in full for all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the Scrip Shares.

Basis of allotment and issue of Scrip Shares

For the purpose of calculating the number of Scrip Shares to be allotted and issued under the Scrip Dividend Scheme, the price per Scrip Share has been fixed by the Directors at HK\$0.1656 per Share after taking into account a ten per cent. discount to HK\$0.184, being the average closing price of the Shares on the Stock Exchange for the five consecutive trading days ended 17 September 2018.

Accordingly, the number of Scrip Shares which each Qualifying Shareholder is entitled to receive under the Scrip Dividend Scheme in respect of the Shares registered under their names on the Record Date will be calculated by the following formula:

Number of Scrip Shares to be received	=	Number of Shares held on the Record Date for which the Final Dividend is to be satisfied in Scrip Shares	X	HK\$0.005 <u>(Final Dividend per Share)</u> HK\$0.1656 (Discounted Average Closing Price)
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If all Shareholders elect to receive the Final Dividend in Scrip Shares, based on 2,457,576,574 Shares in issue as at the close of business on the Record Date, the maximum number of Scrip Shares which may fall to be issued under the Scrip Dividend Scheme will be 74,202,191 Shares, representing approximately 3.02% of the existing issued share capital of the Company and approximately 2.93% of the issued share capital of the Company as enlarged by the issue of the Scrip Shares.

For the purpose of reference only, Qualifying Shareholders who elect to receive Scrip Shares will receive such number of Scrip Shares (rounded down to the nearest whole number) and no Qualifying Shareholders is entitled to be allotted and issued any fraction of a Scrip Share under the Scrip Dividend Scheme. Fractional entitlements to the Scrip Share will be aggregated and sold for the benefit of the Company.

Advantages of the Scrip Dividend Scheme

In arriving at the decision to recommend to the Qualifying Shareholders the Scrip Dividend Scheme, the Directors consider that, while the Company should declare the Final Dividend, the retention of cash, which would otherwise have been paid to the Qualifying Shareholders as cash dividend, within the Group would enhance the continuous growth, maintain the financial stability and reduce the financing costs of the Group. In addition, the Scrip Dividend Scheme will give the Qualifying Shareholders who wish to further invest in the Company the opportunity to increase their equity investment in the Company without incurring brokerage fees, stamp duty and related costs of dealings.

The form of election

Enclosed with this circular is a form of election (“**Election Form**”). No action is required if you wish to receive the Final Dividend to which you are entitled wholly in cash.

If you wish to elect to receive the Final Dividend either wholly or partly in Scrip Shares, you must complete the Election Form in accordance with the instructions printed thereon and return it to the Company’s branch share registrar in Hong Kong, **Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong no later than 4:30 p.m. on 18 October 2018**. No acknowledgement of receipt of the Election Form will be issued.

Please note that if you sign the Election Form but do not specify the number of Shares in respect of which you wish to receive your Final Dividend in Scrip Shares or, if you elect for payment of the Final Dividend in Scrip Shares in respect of a greater number of Shares than your registered holding of Shares, then in either case you will be deemed to have exercised your election for Scrip Shares in lieu of cash in respect of all the Shares registered in your name.

Shareholders who do not return the duly completed and signed Election Form before the time stated above will be deemed to have elected to receive the Final Dividend wholly in cash.

If there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning in force, the above deadline for submission of the Election Form will not be valid and will be rescheduled as follows:

- (a) If the warning is in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on 18 October 2018; in this regard, the deadline for submission of the Election Form will be 5:00 p.m. on the same business day;
- (b) If the warning is in force in Hong Kong at any local time between 12:00 noon and 4:30 p.m. on 18 October 2018; in this regard, the deadline for submission of the Election Form will be rescheduled to 4:30 p.m. on the next business day on which none of those warnings are in force at any time between 9:00 a.m. and 4:30 p.m.

Qualifying shareholders

Based on the information made available to the Directors, there was no Shareholder with a registered address outside Hong Kong as appeared on the register of members of the Company as at the Record Date. Therefore, all Shareholders are Qualifying Shareholders.

Listing of the Scrip Shares and despatch of certificates of the Scrip Shares

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Scrip Shares to be allotted and issued pursuant to the Scrip Dividend Scheme. No part of the Company’s securities is listed or dealt in on any other stock exchange and no such listing or permission to deal is being, or is proposed to be sought.

Subject to the Scrip Shares being admitted to listing, it is expected that certificates for the Scrip Shares and dividend cheques will be posted to the Qualifying Shareholders at their own risk on or about 31 October 2018.

Dealings in the Scrip Shares are expected to commence at 9:00 a.m. on Thursday, 1 November 2018.

Recommendation and advice

Whether or not it is to your advantage to receive the Final Dividend wholly in cash or in Scrip Shares or partly in cash and partly in Scrip Shares depends upon your own individual circumstances and on the movement of the Company’s share price in the market. The decision in this regard and all consequences resulting therefrom are the sole responsibility of each Shareholder. If you are in any doubt as to what to do, you should consult your own professional adviser. This applies particularly to the Qualifying Shareholders who are trustees, who are recommended to seek professional advice as to whether they have the powers to make any relevant election and as to the effect of the election having regard to the terms of the relevant trust instrument.

Disclosure of interests

Qualifying Shareholders should note that an acquisition of Scrip Shares under the Scrip Dividend Scheme may give rise to notification requirements under Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Qualifying Shareholders who are in any doubt as to how these provisions may affect them as a result of their election of receiving the Final Dividend in the form of Scrip Shares, are recommended to seek their own professional advice.

Expected timetable

- Latest time for return of the Election Form 4:30 p.m. on Thursday, 18 October 2018
- Despatch of the cheques for the Final Dividend payable in cash and the share certificates for the Scrip Shares to the Shareholders Wednesday, 31 October 2018
- Commencement of dealings in the Scrip Shares (subject to the granting of listing of the Scrip Shares by the Stock Exchange) 9:00 a.m. on Thursday, 1 November 2018

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