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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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*)

***Independent non-executive Directors:***

Mr. Fok Kam Chu, John

Mr. Yang Wei Tak

Mr. Yeung Wing Kay

***Registered office:***

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P.O. Box 2681

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Cayman Islands

***Principal place of business***

***in Hong Kong:***

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Kwai Chung, New Territories

Hong Kong

6 January 2012

*To the shareholders of the Company (“Shareholders”)*

Dear Sirs,

**SCRIP DIVIDEND SCHEME**

**INTRODUCTION**

By the announcement of the Company dated 29 November 2011, the board of directors (“**Directors**”) of Veeko International Holdings Limited (“**Company**”, which together with its subsidiaries, the “**Group**”) announced the interim results of the Group for the six months ended 30 September 2011 and

has resolved to declare the payment of an interim dividend (“**Interim Dividend**”) of HK0.60 cent (2011: HK0.60 cent) per share (each a “**Share**”) of HK\$0.01 each in cash, with an option for the shareholders to receive such interim dividend wholly or partly by allotment of new shares (“**Scrip Shares**”) credited as fully paid in lieu of cash (the “**Scrip Dividend Scheme**”). The Interim Dividend will be payable on or about 9 February 2012, to the shareholders of the Company (“**Qualifying Shareholders**”) whose names appeared on the register of members of the Company on 23 December 2011 (“**Record Date**”).

## **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 Interim 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 Interim 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 23 December 2011 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 Interim 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\$0.19602 per Share after taking into account a ten per cent. discount to HK\$0.2178, being the average closing price of the Shares on the Stock Exchange for the five consecutive trading days ended 23 December 2011.

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 Interim 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. No action is required if you wish to receive the Interim Dividend to which you are entitled wholly in cash.

If you wish to elect to receive the Interim Dividend either wholly or partly in Scrip Shares, you must complete the form of election in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, **Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 20 January 2012**. No acknowledgement of receipt of the form of election will be issued.

Please note that if you sign the form of election but do not specify the number of Shares in respect of which you wish to receive your Interim Dividend in Scrip Shares or, if you elect for payment of the Interim 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.

If you do not complete and return the form of election before the time and in the manner stated above, you will receive the whole of your Interim Dividend in cash.

## **Qualifying shareholders**

As at the Record Date, there was one Shareholder with its registered address in each of Taiwan and the Philippines respectively as appeared on the register of members of the Company. The Board has made enquiries with its legal advisers as to the laws of the relevant places as to whether there is any legal restriction under the applicable securities legislation of the relevant places or requirement of any relevant regulatory body or stock exchange with respect to the offer of Scrip Shares to such Shareholder, in the relevant places. The Company has been advised by its legal advisers as to Taiwan and Philippines laws that there is no legal restriction under the applicable legislation of the relevant places or requirement of any relevant regulatory body or stock exchange with respect to the offer of the Scrip Shares to the Shareholders in the relevant places. Based on the advice of the Company's legal advisers as to Taiwan and Philippines laws, the Directors believe that the documents regarding the Scrip Dividend Scheme would not be required to be registered under the relevant laws and regulations of the relevant places and may be despatched to the Shareholders with registered addresses in the relevant places without any restrictions. In view of this, the Directors have decided to extend the offer of the Scrip Shares to the Shareholders with registered addresses in Taiwan and the Philippines and accordingly, all Shareholders whose names appear on the register of members of the Company on the Record Date fall within the definition of Qualifying Shareholders and are therefore eligible to participate in the Scrip Dividend Scheme.

Shareholder(s) having a registered address in the Philippines should note that exemption from registration of the Scrip Shares is claimed under Section 10.1(d) of the Philippine Securities Regulation Code. No confirmation has been obtained from the Philippine Securities and Exchange Commission that the Scrip Dividend Scheme qualifies as an exempt transaction. **THE SECURITIES BEING OFFERED OR SOLD HEREIN HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES REGULATION CODE. ANY FUTURE OFFER OR SALE THEREOF IS SUBJECT TO REGISTRATION REQUIREMENTS UNDER THE CODE UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION.**

#### **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.

It is expected that certificates for the Scrip Shares will be posted to the Qualifying Shareholders at their own risk on or about 9 February 2012. On this basis, dealings in the Scrip Shares are expected to commence on or about 13 February 2012.

#### **Recommendation and advice**

Whether or not it is to your advantage to receive the Interim 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 are recommended to seek their own professional advice.

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