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

If you have sold or transferred all your shares in Veeko International Holdings Limited 威高國際控股有限公司, you should at once hand this circular and the accompanying form of election 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)

Executive Directors:

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

Independent Non-Executive Directors:

Dr. Fok Kam Chu, John
Mr. Lam Man Tin
Mr. Yeung Wing Kay

Registered Office:

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Hong Kong

3 January 2018

To the shareholders of the Company (“Shareholders”)

Dear Sir or Madam,

SCRIP DIVIDEND SCHEME

INTRODUCTION

By the announcement of the Company dated 28 November 2017, the directors (“**Directors**”) of Veeko International Holdings Limited (“**Company**”, which together with its subsidiaries, the “**Group**”) had resolved to recommend the payment of an interim dividend (“**Interim Dividend**”) for the six months ended 30 September 2017 of HK0.5 cent per ordinary share (“**Share**”) of the Company to the shareholders of the Company (“**Qualifying Shareholders**”) whose names appear on the register of members of the Company on 18 December 2017 (“**Record date**”) in the form of new fully paid Shares (“**Scrip Shares**”) with the Qualifying Shareholders being given the option to elect to receive cash in lieu of all or part of their scrip dividend entitlements (“**Scrip Dividend Scheme**”).

The purpose of this circular is to set out the procedures which apply in relation to the Scrip Dividend Scheme and the action which should be taken by the Shareholders in relation thereto.

Particulars of the Scrip Dividend Scheme

Pursuant to 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 on the Record Date of HK\$0.16 less a discount of 10% 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 pursuant to the Scrip Dividend Scheme, the price of the Scrip Shares has been fixed by the board of the Directors (“**Board**”) at its discretion with reference to the average of the closing prices of the Shares on the Stock Exchange for the five consecutive trading days ended on (and including) the Record Date of HK\$0.16 less a discount of 10% of such average closing price. The Board has therefore fixed the price per Scrip Share at HK\$0.144.

Accordingly, the number of Scrip Shares which each Qualifying Shareholder is entitled to receive under the Scrip Dividend Scheme in respect of the existing issued Shares registered under his/her/its name at the close of business on the Record Date will be calculated by the following formula:

$$\begin{array}{l} \text{Number of Scrip} \\ \text{Shares to be allotted} \end{array} = \begin{array}{l} \text{Number of issued Shares} \\ \text{held on the Record Date for} \\ \text{which election is made} \end{array} \times \frac{\text{HK\$0.005 (Interim Dividend} \\ \text{per Share)}}{\text{HK\$0.144 (Discounted} \\ \text{average closing price)}}\end{array}$$

The number of Scrip Shares to be allotted and issued to each Shareholder will be rounded down to the nearest whole number of Scrip Shares and no Qualifying Shareholder is entitled to be allotted and issued any fraction of a Scrip Share under the Scrip Dividend Scheme. Fractional entitlements to the Scrip Shares will be aggregated and sold for the benefit of the Company.

Scrip Shares issued to the Shareholders pursuant to an election to receive some or all of their Interim Dividend in Scrip Shares may be allocated in odd lots (of fewer than a board lot of 20,000 Shares). No special dealing arrangements will be put in place by the Company to facilitate the trading or disposal of the Scrip Shares issued in odd lots. Shareholders should be aware that odd lots usually trade at a discount to the price of board lots.

If all Shareholders elect to receive the Interim Dividend in Scrip Shares, based on 2,388,884,410 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 82,947,375 Shares, representing approximately 3.47% of the existing issued share capital of the Company and approximately 3.36% of the issued share capital of the Company as enlarged by the issue of the Scrip Shares.

Advantages of the Scrip Dividend Scheme

The Scrip Dividend Scheme will give the Shareholders the opportunity to increase their investment in the Company at the market value without incurring brokerage fees, stamp duty and related costs of dealings. The Scrip Dividend Scheme will also be to the advantage of the Company because, to the extent that the Shareholders do not elect to receive cash in lieu of the Scrip Shares, such cash as would otherwise have been paid to the Shareholders will be retained for use by the Company.

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 ("**Election Form**") and lodge it with 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 19 January 2018**. No acknowledgment 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 Interim Dividend in Scrip Shares or, if you elect for payment of the Interim Dividend in Scrip Shares in respect of 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 Interim 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 19 January 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 19 January 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 will be Qualifying Shareholders.

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

Applications 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 at the risk of those entitled to them on or about 8 February 2018.

Dealings in the Scrip Shares are expected to commence at 9:00 a.m. on Friday, 9 February 2018.

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 Share price in the market. The decision in this regard and all consequences resulting therefore 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 Interim 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 Friday, 19 January 2018
- Despatch of the cheques for the Interim Dividend payable in cash and the share certificates for the Scrip Shares to the Shareholders Thursday, 8 February 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 Friday, 9 February 2018

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