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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 your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

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 registered institution in securities 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)

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Cheng Chung Man, Johnny (*Chairman*)
Lam Yuk Sum (*Managing Director*)

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Cheng Chung Hoo
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25 January 2008

To the shareholders of the Company (“Shareholders”)

Dear Sir/Madam

SCRIP DIVIDEND SCHEME

INTRODUCTION

On 18 December 2007, the board (“**Board**”) of directors (“**Directors**”) of Veeko International Holdings Limited (“**Company**”, and together with its subsidiaries, the “**Group**”) announced the interim results of the Group for the six months ended 30 September 2007 and resolved to declare an interim

dividend (“**Interim Dividend**”) of HK0.80 cent per share (each a “**Share**”) of HK\$0.01 each in the share capital of the Company. The Interim Dividend is payable to all Shareholders and the shareholders (“**Qualifying Shareholders**”) of the Company whose names appeared on the register of members of the Company on 31 December 2007 (“**Record Date**”) may elect to receive wholly or partly an allotment and issue of new Shares (“**Scrip Shares**”), credited as fully paid, in lieu of cash payment of the Interim Dividend (“**Scrip Dividend Scheme**”).

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) in cash payment of HK0.80 cent per Share; or
- (b) by way of an allotment and issue of Scrip Shares; or
- (c) by way of a combination of (a) and (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 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 of the closing prices of the Shares on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) for the five consecutive trading days ended 17 December 2007 less a discount of five per cent. of such average 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, the value of Scrip Shares has been set by the Directors at HK\$0.22553 per Share which represents a five per cent. discount to HK\$0.2374, being the average of the closing prices of the Shares on the Stock Exchange for the five consecutive trading days ended 17 December 2007.

The number of Scrip Shares to be allotted and issued 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 Share under the Scrip Dividend Scheme. Fractional entitlements to Scrip Shares will be aggregated and sold for the benefit of the Company.

Advantages of the Scrip Dividend Scheme

In arriving at the decision to declare the Interim Dividend by way of the Scrip Dividend Scheme, the Directors consider that while the Company should declare interim dividend for the six months ended 30 September 2007, the retention of cash, which would otherwise have been paid to the 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 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 the Interim Dividend for the six months ended 30 September 2007 to which you are entitled to be wholly satisfied in cash.

If you wish to elect to receive the Interim Dividend either wholly or in part by an allotment and issue of the Scrip Shares, you must complete the form of election in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, **Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 15 February 2008.** 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 dividend to be satisfied by the allotment and issue of the Scrip Shares or, if you elect for payment of the dividend to be satisfied by the allotment and issue of the 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 were two Shareholders with registered addresses in Taiwan as appeared on the register of members of the Company. The Board has made enquiries with its legal adviser as to Taiwan laws as to whether there is any legal restriction under the applicable securities legislation of Taiwan or requirement of any relevant regulatory body or stock exchange with respect to the offer of Scrip Shares to such Shareholders in Taiwan. The Company has been advised by its legal adviser as to Taiwan laws that there is no legal restriction under the applicable legislation of Taiwan or requirement of any relevant regulatory body or stock exchange with respect to the offer of the Scrip Shares to the Shareholders in Taiwan. Based on the advice of the Company's legal adviser as to Taiwan 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 Taiwan and may be despatched to the Shareholders with registered addresses in Taiwan 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 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.

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 except the 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 Shareholders at their own risk on or about 29 February 2008. On this basis, dealings in the Scrip Shares are expected to commence on 4 March 2008.

Recommendation and advice

Whether or not it is to your advantage to receive the Interim Dividend, wholly in cash or satisfied by the allotment and issue of the Scrip Shares, in whole or in part, 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 from such decision 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 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 the 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