

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, 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 proxy and annual report 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)

**PROPOSED FINAL DIVIDEND,
PROPOSALS FOR GENERAL MANDATES
TO REPURCHASE SHARES AND ISSUE NEW SHARES,
RE-ELECTION OF RETIRING DIRECTORS,
ADOPTION OF 2023 SHARE OPTION SCHEME
AND
NOTICE OF 2023 ANNUAL GENERAL MEETING**

A notice convening the 2023 annual general meeting (the “AGM”) of Veeko International Holdings Limited 威高國際控股有限公司 (the “Company”) to be held in physical form at 10th Floor, Wyler Centre Phase II, 192-200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong on Monday, 11 September 2023 at 10:30 a.m. at which the above proposals will be considered is set out in this circular.

A form of proxy for use at the AGM is also enclosed. Whether or not you are able to attend the AGM, you are requested to complete and sign the form of proxy in accordance with the instructions stated thereon and return it to the Company’s branch share registrar in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the AGM (i.e. no later than 10:30 a.m. on Saturday, 9 September 2023) or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM and at any adjournment thereof if you so wish. In such event, the form of proxy shall be deemed to be revoked.

31 July 2023

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“2013 Share Option Scheme”	the share option scheme adopted by the Company on 30 August 2013
“2023 Share Option Scheme”	the Company’s share option scheme proposed to be approved and adopted by the Shareholders at the AGM
“Adoption Date”	the date of adoption of the 2023 Share Option Scheme, being the date of the AGM
“AGM”	the 2023 annual general meeting of the Company to be held on Monday, 11 September 2023 at 10:30 a.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 32 to 36 of this circular, or any adjournment thereof
“Articles of Association”	the articles of association of the Company currently in force
“Board”	the board of Directors
“Company”	Veeko International Holdings Limited 威高國際控股有限公司, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Consultation Conclusions”	consultation conclusions on the proposed amendments to the Listing Rules relating to share schemes of listed issuers and housekeeping rule amendment published by the Stock Exchange in July 2022
“Director(s)”	the director(s) of the Company
“Eligible Participant(s)”	collectively, (i) any employee(s) (whether full time or part time, including any executive director(s), but excluding any non-executive director(s)) of the Company or any of its Subsidiaries (and including person who are granted Options under the 2023 Share Option Scheme as an inducement to enter into employment contracts with these companies); and (ii) any non-executive director(s) (including independent non-executive director(s)) of the Company or any Subsidiary

DEFINITIONS

“Final Dividend”	a final dividend of HK0.5 cent per Share for the year ended 31 March 2023 recommended by the Board to be paid out of the share premium account of the Company
“Grant”	the grant of Options under the 2023 Share Option Scheme
“Grantee(s)”	any Eligible Participant(s) who accept(s) the offer of Options in accordance with the terms of the 2023 Share Option Scheme or (where the context so permits and as referred to in the 2023 Share Option Scheme) his/her personal representative
“Group”	the Company and its Subsidiaries
“HKEX”	Hong Kong Exchanges and Clearing Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	a general and unconditional mandate granted to the Directors to issue, allot and deal with unissued Shares up to a maximum of 20% of the total number of issued Shares as at the date of passing of the relevant resolution
“Latest Practicable Date”	24 July 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Nomination Committee”	the nomination committee of the Board
“Offer Date”	the date on which the Option is offered in writing to an Eligible Participant (which must be a business day)
“Option”	a right granted to a Grantee pursuant to the 2023 Share Option Scheme, which right permits (but does not obligate) such Grantee to subscribe for Shares
“Participant Vehicle”	a vehicle (such as a trust or a private company)
“Remuneration Committee”	the remuneration committee of the Board

DEFINITIONS

“Repurchase Mandate”	a general and unconditional mandate granted to the Directors to exercise all powers of the Company to repurchase on the Stock Exchange, or any other stock exchange on which the Shares may be listed, Shares up to a maximum of 10% of the total number of issued Shares as at the date of passing of the relevant resolution
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	the ordinary share(s) with nominal value of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	the registered holder(s) of the Shares
“Share Award Scheme”	a scheme adopted or to be adopted by the Company involving the grant of new Shares by the Company
“Share Scheme”	collectively, share option scheme(s) adopted or to be adopted by the Company (including the 2023 Share Option Scheme) and the Share Award Scheme(s), if any
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	subsidiary(ies) of the Company
“Takeovers Code”	the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong as amended from time to time
“%”	per cent.
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong



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

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Independent Non-Executive Directors:

Mr. Au-Yeung Hau Cheong

Mr. Cheng Man Loong, Monty

Mr. Yeung Wing Kay

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

31 July 2023

To the Shareholders

Dear Sir/Madam,

**PROPOSED FINAL DIVIDEND,
PROPOSALS FOR GENERAL MANDATES
TO REPURCHASE SHARES AND ISSUE NEW SHARES,
RE-ELECTION OF RETIRING DIRECTORS,
ADOPTION OF 2023 SHARE OPTION SCHEME
AND
NOTICE OF 2023 ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information in respect of certain resolutions to be proposed at the AGM. These include ordinary resolutions relating to (i) the proposed Final Dividend; (ii) the granting to the Directors the Repurchase Mandate and the Issue Mandate; (iii) the re-election of each of the retiring Directors; and (iv) the approval and adoption of 2023 Share Option Scheme.

LETTER FROM THE BOARD

DECLARATION OF FINAL DIVIDEND

By way of announcement of annual results for the year ended 31 March 2023 of the Company dated 27 June 2023, the Directors announced that they had resolved to recommend the payment of a final dividend to be paid out of the share premium account of the Company in the amount of HK0.5 cent per Share for the year ended 31 March 2023 to the Shareholders whose names appear on the register of members of the Company on Tuesday, 19 September 2023, subject to the approval of the Shareholders at the AGM and confirmation by the Board that immediately following the date on which the final dividend is to be paid, the Company shall be able to pay its debts as they fall due in the ordinary course of business. As at the Latest Practicable Date, the Company has 2,518,001,334 issued Shares. Based on the number of issued Shares as at the Latest Practicable Date, the Final Dividend, if declared and paid, will amount to an aggregate amount of approximately HK\$12,590,000.

The Final Dividend is expected to be paid to Shareholders on Monday, 9 October 2023.

THE REPURCHASE MANDATE

At the AGM, an ordinary resolution will be proposed that the Directors be granted the Repurchase Mandate to exercise all powers of the Company to purchase Shares on the Stock Exchange, or on any other stock exchange on which the Shares may be listed, Shares up to a maximum of 10% of the total number of issued Shares as at the date of passing of the relevant resolution.

An explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the Repurchase Mandate 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 resolution at the AGM.

THE ISSUE MANDATE

An ordinary resolution will also be proposed at the AGM that the Directors be granted the Issue Mandate to issue, allot and deal with unissued Shares up to a maximum of 20% of the total number of issued Shares as at the date of passing of the relevant resolution.

As at the Latest Practicable Date, there was a total of 2,518,001,334 Shares in issue. Subject to the passing of the resolution granting the Issue Mandate and on the basis that no further Shares are issued or repurchased before the AGM, the Company will be allowed to issue up to a maximum of 503,600,266 Shares.

LETTER FROM THE BOARD

In addition, an ordinary resolution will further be proposed at the AGM to extend the Issue Mandate by adding any Shares to be repurchased under the Repurchase 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 they are renewed at such meeting or until revoked or varied by ordinary resolutions of the Shareholders in a general meeting held prior to the next annual general meeting of the Company.

RE-ELECTION OF RETIRING DIRECTORS

In accordance with article 108 of the Articles of Association, Mr. Lam Man Tin and Mr. Cheng Man Loong, Monty shall retire by rotation from office as Directors at the AGM. Both the above retiring Directors, being eligible, offer themselves for re-election at the AGM. Separate resolutions will be proposed at the AGM to re-elect the retiring Directors.

Mr. Cheng Man Loong, Monty (“**Mr. Cheng**”), an independent non-executive Director, has confirmed his independence with reference to the factors set out in Rule 3.13 of the Listing Rules.

Mr. Cheng attended most of the meetings of the Board and the Board committees held in the past years and the current financial year. Details of the attendance records are set out in the corporate governance report contained in the annual report of the Company for the year ended 31 March 2023. The relevant Board papers and materials were provided to the Directors for review and consideration prior to the meetings. Mr. Cheng has remained responsible for his performance functions and discharged his duties to the Company through active participation on the Board and by bringing balance of views as well as knowledge, experience and expertise.

The Nomination Committee has reviewed the structure and composition of the Board, the confirmations and disclosures given by the Directors, the qualifications, skills and experience, time commitment and contribution of the retiring Directors with reference to the nomination principles and criteria set out in the Company’s board diversity policy and nomination policy and the Company’s corporate strategy, and the independence of all independent non-executive Directors. The Nomination Committee has recommended to the Board on re-election of both retiring Directors, including the aforesaid independent non-executive Director, who are due to retire at the AGM. The Company considers that the retiring independent non-executive Director is independent in accordance with the independence guidelines set out in the Listing Rules and will continue to bring valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning and diversity.

Biographical details of the above retiring Directors proposed for re-election at the AGM, which are required to be disclosed pursuant to the Listing Rules, are set out in Appendix II to this circular.

LETTER FROM THE BOARD

PROPOSED ADOPTION OF THE 2023 SHARE OPTION SCHEME

The 2013 Share Option Scheme

The 2013 Share Option Scheme was adopted by the Company on 30 August 2013, and is valid and effective for a period of 10 years from the date of adoption. The 2013 Share Option Scheme will expire on 30 August 2023, being the 10th anniversary of its adoption date. Upon expiry of the 2013 Share Option Scheme, no further option can be granted thereunder, but its provisions shall remain in force and effect to the extent necessary to give effect to the exercise of any options granted thereunder prior to its expiry which remain outstanding, and the exercise of such options shall be subject to and in accordance with the terms on which they were granted, the provisions of the 2013 Share Option Scheme and the Listing Rules. As at the Latest Practicable Date, 138,834,764 Shares, representing approximately 5.51% of the total issued Shares, are available to grant under the 2013 Share Option Scheme. As at the Latest Practicable Date, the total number of outstanding options granted but not yet exercised under the 2013 Share Option Scheme were 46,400,000, representing approximately 1.84% of the total issued Shares. To the best of the Directors' knowledge, information and belief, the Company does not plan to grant any option under the 2013 Share Option Scheme before its expiry.

The 2023 Share Option Scheme

The Stock Exchange published the Consultation Conclusions in July 2022, with certain amendments to Chapter 17 of the Listing Rules relating to the share schemes (including share option schemes and share award schemes). Such amendments took effect on 1 January 2023. In light of the above and the expiry of the 2013 Share Option Scheme, the Board proposed to adopt the 2023 Share Option Scheme.

On 27 June 2023 (after trading hours), the Board has resolved to propose the adoption of the 2023 Share Option Scheme for the purpose of, among other things, reflect the latest changes and requirements under Chapter 17 of the Listing Rules.

An ordinary resolution will be proposed at the AGM to approve and adopt the 2023 Share Option Scheme such that the Company can make further Grants to Eligible Participants as and when appropriate to motivate them to make continuous contribution to the development of the Group.

LETTER FROM THE BOARD

As at the Latest Practicable Date, there were 2,518,001,334 Shares in issue. Assuming there is no change in the number of issued Shares during the period from the Latest Practicable Date to the Adoption Date, the maximum number of Shares issuable pursuant to the Share Scheme (including the 2023 Share Option Scheme) in aggregate will be 251,800,133 Shares, being 10% of the total number of Shares in issue on the Adoption Date. As at the Latest Practicable Date, apart from the 2013 Share Option Scheme, the Company did not adopt any other share scheme that is subject to Chapter 17 of the Listing Rules.

The adoption of the 2023 Share Option Scheme will take effect on the Adoption Date, being the date of the AGM, and is conditional upon: (i) the passing of the ordinary resolution by the Shareholders to approve and adopt the 2023 Share Option Scheme and to authorise the Board to grant Options under the 2023 Share Option Scheme and to allot and issue Share pursuant to the exercise of any Option; and (ii) the Listing Committee granting approval to the listing of, and permission to deal in, any Shares which may be allotted and issued pursuant to the exercise of any Option to be granted under the 2023 Share Option Scheme.

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares which fall to be issued pursuant to the exercise of the Options to be granted under the 2023 Share Option Scheme.

A summary of the principal terms of the 2023 Share Option Scheme is set out in the Appendix III to this circular. The summary serves as an overview of these terms and does not constitute the full reproduction of the terms or a comprehensive list of all the rules under the 2023 Share Option Scheme. With respect to particular terms of the 2023 Share Option Scheme and how they align with the purpose of the 2023 Share Option Scheme, the views of the Board, the Remuneration Committee and/or the independent non-executive Directors (as the case maybe) are as follows:

- *Shorter vesting periods* – Under the 2023 Share Option Scheme, the Remuneration Committee (or, as the case maybe, the Directors) shall have the discretion to grant an Option with a vesting period shorter than 12 months under the circumstances set out in paragraph 7 in the Summary of the principal terms of the 2023 Share Option Scheme in Appendix III to this circular. The Board and the Remuneration Committee consider that the vesting period (including the factors to be considered for a shorter vesting period may apply) enables the Company to offer competitive remuneration and reward packages to Eligible Participants, on an ad hoc basis, in such circumstances that would be justified and reasonable, which is also consistent with the Listing Rules and the former practice of the Company. Thus, the circumstances as so set out in the 2023 Share Option Scheme under which an Option could be granted with a shorter vesting period is considered appropriate and aligns with the purpose of the 2023 Share Option Scheme;

LETTER FROM THE BOARD

- *Performance targets* – The 2023 Share Option Scheme will not prescribe specific performance targets that must be met before an Option can be exercised. With respect to existing employees, directors or chief executive of the Company or any of its Subsidiaries, the Directors would consider the Eligible Participant's actual performance at work and previous and potential future contribution to the development and growth of the Group prior to granting Option(s) thereto, the Directors are of the view that it would not be necessary to set performance target, and thus clawback mechanism accordingly for such Eligible Participant. However, with respect to persons who are granted Options as an inducement to enter into employment contracts with the Company or any of its Subsidiaries, the Board believes that it would provide the Board with more flexibility in setting out the particular performance target(s) and clawback mechanism in the terms and conditions of the Options to such Grantee as different performance target(s) would be required for each Grantee after considering their respective different role and responsibilities, and how each Grantee is expected to contribute to the long-term development of the Group in different ways. If performance targets are imposed on a Grantee upon the Grant as an inducement to enter into employment contracts with the Company or any of its Subsidiaries, the Board will have regard to the purpose of the 2023 Share Option Scheme in assessing such performance targets with reference to factors including but not limited to, as and when appropriate, sales performance (e.g. revenue), operating performance (e.g. operation efficiency in terms of cost control), financial performance (e.g. profits, cash flow, earnings, market capitalisation, return on equity, gearing ratio) of the Group, corporate sustainability parameters (e.g. timeliness and accuracy in handling customer feedback, team work capabilities, adherence to corporate culture) and discipline and responsibility (e.g. punctuality, integrity, honesty or compliance with business procedures). The Board will utilise its internal assessment system to appraise and evaluate performance targets applicable to each Grant on case-by-case basis. The Board will consider the expected contributions of the Eligible Participant to make an internal assessment of the potential future value that the relevant Eligible Participant may bring to the growth and development of the Group. The assessment may involve consideration and appraisal of the relevant Eligible Participant's expected contribution with reference to the relevant Eligible Participant's duties (including but not limited to whether the Eligible Participant is in a management role or a support role), position within the Group (so that it will be considered whether overall Group level targets or specific performance indicators should be adopted) and other features including geographical location, corporate culture and business strategy focus. Specific weightings will be given to the factors above in order to provide a fair and objective appraisal of the Eligible Participant before the Grant, with a view to ensuring that the Grant is on a fair and reasonable basis and in the interests of the Company and its Shareholders as a whole. Having considered (1) details and factors that are considered by other companies that are listed on Main Board of the Stock Exchange in determining specific performance targets in particular those that are engaged in retail business; and (2) the above, the

LETTER FROM THE BOARD

Directors consider (i) not setting out any specific performance targets and clawback mechanism in the 2023 Share Option Scheme aligns with the purposes of the 2023 Share Option Scheme; and (ii) details and factors considered in determining specific performance targets for Grant to Eligible Participant as an inducement to enter into employment contracts with the Company or any of its Subsidiaries are in line with the market practice; and

- *Participant Vehicle* – Under the 2023 Share Option Scheme, where (i) the Directors give their express consent in writing (which consent may or may not be given by the Directors at their absolute discretion), and (ii) the Stock Exchange gives any express waiver, the Option held by a Grantee may be allowed to be transferred to a Participant Vehicle for the benefit of the Grantee and any family members of such Grantee (for purposes of estate planning or tax planning or such other reasons as the Directors and the Stock Exchange consider to be justifiable) that would continue to meet the purpose of the 2023 Share Option Scheme and comply with the requirements of Chapter 17 of the Listing Rules. Having considered that Options can only be transferred to a Participant Vehicle from a Grantee for the benefit of such Grantee and any family members thereof (for purposes estate planning or tax planning or such other reasons as the Directors and the Stock Exchange consider to be justifiable), the Directors are of the view that a Participant Vehicle being a Grantee is in line with the purpose of the 2023 Share Option Scheme.

A copy of the rules of the 2023 Share Option Scheme will be published on the websites of HKEX (www.hkexnews.hk) and the Company (www.irasia.com/listco/hk/veeko/index.htm) for display for a period of not less than 14 days before the date of the AGM and the rules of the 2023 Share Option Scheme will be made available for inspection at the AGM.

LETTER FROM THE BOARD

ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the AGM is set out on pages 32 to 36 of this circular.

Ordinary resolutions will be proposed at the AGM to approve, among others, the Final Dividend, the granting to the Directors the Repurchase Mandate and the Issue Mandate, the re-election of each of the retiring Directors and the adoption of 2023 Share Option Scheme. To the extent that the Directors are aware having made all reasonable enquiries, none of the Shareholders is required to abstain from voting on any resolution at the AGM.

Pursuant to the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. An announcement on the results of the poll will be published by the Company after the AGM in the manner prescribed under the Listing Rules.

A form of proxy for use at the AGM appointing proxy is despatched with this circular and published on the websites of HKEX and of the Company respectively. To be valid, the form of proxy must be completed and signed in accordance with the instructions stated thereon and returned to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 48 hours before the time appointed for the holding of the AGM (i.e. no later than 10:30 a.m. on Saturday, 9 September 2023) or the adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM and at any adjournment thereof if you so wish. In such event, the form of proxy shall be deemed to be revoked.

TYPHOON OR BLACK RAINSTORM WARNING ARRANGEMENTS

If tropical cyclone warning signal No. 8, or above, or "Extreme conditions" caused by super typhoons, or a black rainstorm warning is in force at any time between 9:30 a.m. and 11:30 a.m. on the date of the AGM, the AGM may be postponed to a later date and/or time as determined by the Company.

If postponed, the Company, will, as soon as practicable, post an announcement on its website and on the website of HKEX to notify the Shareholders that the meeting has been postponed. When the date, time and venue of the rescheduled meeting has been fixed, the Company will post a further announcement on its website and on the website of HKEX to notify Shareholders of the date, time and venue of the rescheduled meeting. At least seven clear days' notice shall be given of the rescheduled meeting.

LETTER FROM THE BOARD

The AGM will be held as scheduled when an amber or red rainstorm warning signal is in force. After considering their own situations, Shareholders should decide on their own whether or not they would attend the AGM under any bad weather condition and if they do so, they are advised to exercise care and caution.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATION

The Directors consider that the proposed Final Dividend, the proposed granting of the Repurchase Mandate and Issue Mandate to the Directors, the re-election of the retiring Directors and the proposed adoption of 2023 Share Option Scheme 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 to be proposed at the AGM.

Yours faithfully,
For and on behalf of the Board
Veeko International Holdings Limited
威高國際控股有限公司
Cheng Chung Man, Johnny
Chairman

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide you with requisite information reasonably necessary for you to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the AGM in relation to the granting of the Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, there was a total of 2,518,001,334 Shares in issue.

Subject to the passing of the resolution granting the Repurchase Mandate at the AGM and on the basis that no further Shares are issued or repurchased before the AGM, the Company will be allowed to repurchase up to a maximum of 251,800,133 Shares, being 10% of the total number of issued Shares as at the date of passing of the relevant resolution for granting the Repurchase Mandate.

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 per share 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 Articles of Association and the applicable laws of the Cayman Islands.

4. IMPACT OF REPURCHASES

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 consolidated financial statements contained in the annual report of the Company for the year ended 31 March 2023) 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.

5. SHARE PRICES

The following table shows the highest and lowest prices per Share at which the Shares have been traded on the Stock Exchange during each of the previous 12 months up to and including the Latest Practicable Date:-

Month	Share Price Per Share	
	Highest HK\$	Lowest HK\$
2022		
July	0.054	0.043
August	0.051	0.040
September	0.048	0.039
October	0.046	0.037
November	0.048	0.038
December	0.057	0.039
2023		
January	0.060	0.050
February	0.086	0.057
March	0.073	0.052
April	0.057	0.049
May	0.067	0.052
June	0.059	0.047
July (up to and including the Latest Practicable Date)	0.060	0.049

6. GENERAL

None of the Directors nor, to the best of their knowledge and having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules), has any present intention to sell any Shares to the Company in the event that 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 pursuant to the proposed resolution to be approved at the AGM in accordance with the Listing Rules, all applicable laws of the Cayman Islands and the regulations set out in the Articles of Association.

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

7. TAKEOVERS CODE

If, as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company is increased, such increase will be treated as an acquisition of voting rights for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in 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 Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, Mr. Cheng Chung Man, Johnny and Ms. Lam Yuk Sum, both directors of the Company, together were deemed to have interests in 1,851,482,977 Shares representing 73.53% of the voting rights of the Company. In the event that the Directors exercised in full the power to repurchase Shares which is proposed to be granted pursuant to the Repurchase Mandate, the aggregate interest of Mr. Cheng and Ms. Lam in the Company would be increased to approximately 81.70% of the voting rights of the Company.

The Directors consider that such increase in voting rights would not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code but would reduce the percentage of Shares held by the public to less than 25% of the Company's total shares in issue. The Directors have no intention to exercise the Repurchase Mandate to such an extent as may result in the public shareholding falling below the minimum public float requirement.

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

8. REPURCHASE OF SHARES MADE BY THE COMPANY

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.

APPENDIX II BIOGRAPHICAL DETAILS OF RETIRING DIRECTORS PROPOSED FOR RE-ELECTION

The following are the biographical details of the retiring Directors proposed for re-election at the AGM:

1. MR. LAM MAN TIN

Mr. Lam Man Tin (林文鈿先生), aged 64, has been an independent non-executive Director since 2 February 2016 and re-designated as a non-executive Director with effect from 13 July 2018. He was a member of each of the audit committee of the Board, Remuneration Committee and Nomination Committee from 2 February 2016 to 12 July 2018. He graduated from the University of Hull with a master degree in strategic marketing (distance learning) in July 1996. Mr. Lam joined Aeon Stores Co., Ltd. in 1992 and has over 30 years of experience in retail and service industries. He was an executive director of Aeon Stores (Hong Kong) Co., Limited (“**Aeon Stores HK**”), a company listed on the Main Board of the Stock Exchange (stock code: 984), from May 1999 to May 2012. Mr. Lam served as the managing director of Aeon Stores HK from May 2006 to May 2012. Following his resignation from the board of directors of Aeon Stores HK, he had been engaged as a consultant of Aeon Stores HK until September 2012. Mr. Lam was an independent non-executive director, a member of each of the audit committee and the remuneration committee and the chairman of the nomination committee of S. Culture International Holdings Limited (currently known as TATA Health International Holding Limited), a company listed on the Main Board of the Stock Exchange (stock code: 1255) from May 2013 to July 2017. He has been the chief executive officer strategist of Shirble Department Store Holdings (China) Limited, a company listed on the Main Board of the Stock Exchange (stock code: 312) from September 2013 to July 2020. He is also the founding member of the Hong Kong Yau Yat Chuen Lions Club.

Mr. Lam has entered into an appointment letter with the Company for a term of two years and he is subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company in accordance with the provisions of the Articles of Association. He is entitled to receive an annual director’s fee of HK\$130,000 (which is covered by the appointment letter) as determined by the Board with the recommendation of the Remuneration Committee by reference to his background, experience, duties and responsibilities with the Company and the prevailing market conditions.

Mr. Lam does not at present, nor did he in the past three years, hold any directorships in any other public companies, the securities of which are listed in Hong Kong or overseas.

Mr. Lam does not hold any other positions in other members of the Group nor does he have any relationships with any Directors, senior management or substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Lam did not have any interests in the Shares within the meaning of Part XV of the SFO.

2. MR. CHENG MAN LOONG, MONTY

Mr. Cheng Man Loong, Monty (鄭文龍先生), aged 76, was appointed as an independent non-executive Director on 26 September 2019. He is also a member of each of audit committee of the Board, Remuneration Committee and Nomination Committee. Mr. Cheng has extensive experience in trading, sale and manufacturing of toy products. He has engaged in relevant business since 1968. Mr. Cheng worked at various companies, including Nasta (Hong Kong) Limited, that were principally engaged in trading, sale and manufacturing of toy products between 1968 and 2012.

Mr. Cheng has entered into an appointment letter with the Company for a term of two years and he is subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company in accordance with the provisions of the Articles of Association. He is entitled to an annual director's fee of HK\$130,000 (which is covered by the appointment letter) as determined by the Board with the recommendation of the Remuneration Committee by reference to his background, experience, duties and responsibilities with the Company and the prevailing market conditions.

Mr. Cheng does not, at present, nor did he in the past three years, hold any directorships in any other public companies, the securities of which are listed in Hong Kong or overseas.

Mr. Cheng does not hold any other positions in other members of the Group nor does he have any relationships with any Directors, senior management or substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Cheng did not have any interests in the Shares within the meaning of Part XV of the SFO.

3. GENERAL

Save as disclosed above, each of the above retiring Directors proposed for re-election has confirmed that there is no information which is disclosable pursuant to the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules and there are no other matters concerning his re-election that need to be brought to the attention of the Shareholders.

This appendix summarise the principal terms of the 2023 Share Option Scheme and does not form, nor is intended to be, part of the 2023 Share Option Scheme nor should it be taken as affecting the interpretation of the provisions of the 2023 Share Option Scheme.

THE 2023 SHARE OPTION SCHEME

The following is a summary of the principal terms of the rules of the 2023 Share Option Scheme proposed to be adopted at the AGM.

1. Purpose

The purpose of the 2023 Share Option Scheme is to (i) enable the Company to grant Options to the Eligible Participants as incentives or rewards for their contribution to the growth and development of the Group; (ii) attract and retain personnel to promote the sustainable development of the Group; and (iii) align the interest of the Grantees with those of the Shareholders to promote the long-term financial and business performance of the Company.

2. Who may join

2.1 The Board may, in accordance with the provisions of the 2023 Share Option Scheme and the Listing Rules, be entitled but shall not be bound at any time during the scheme life to make an offer of Options to any person belonging to the following class of participants, i.e. the Eligible Participants, to subscribe for such number of Shares as the Board shall determine:

- (a) any employee (whether full time or part time, including any executive director, but excluding any non-executive director) of the Company or any of its Subsidiaries (and including person who are granted Options under the 2023 Share Option Scheme as an inducement to enter into employment contracts with these companies); and
- (b) any non-executive directors (including independent non-executive directors) of the Company or any Subsidiary.

2.2 The eligibility of an employee to the offer of Options shall be determined by the Board from time to time on a case-by-case basis based on its opinion as to his/her actual performance at work and previous and potential future contribution to the development and growth of the Group, taking into account, among others, his/her role, position and job duties and the prevailing circumstances and business needs of the Group at the relevant times.

Note:

The Directors (including the independent non-executive Directors) consider the proposed scope for "Eligible Participants" (including the selection of Eligible Participants) to be appropriate and aligns with the purpose of the 2023 Share Option Scheme given that only employees of the Group are entitled to become Eligible Participants.

3. Maximum number of Shares

- 3.1 The maximum number of Shares which may be allotted and issued in respect of all Options to be granted under the 2023 Share Option Scheme and all options and awards to be granted under any other Share Scheme(s) (the “**Scheme Mandate Limit**”) shall not exceed 10% of the number of Shares in issue as at the date of approval of the 2023 Share Option Scheme. Options that have lapsed in accordance with the terms of the 2023 Share Option Scheme and options and awards that have lapsed in accordance with the terms of any other Share Scheme(s) will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit. Unless expressly approved by the Shareholders at a general meeting and expressly allowed by the Stock Exchange, no Option may be granted under the 2023 Share Option Scheme and no option or award may be granted under any other Share Scheme(s) if such a grant will result in the limit referred to in this paragraph being exceeded.
- 3.2 Subject to paragraph 3.1 above and without prejudice to paragraph 3.3 below, the Company may seek approval of the Shareholders at a general meeting for refreshing the Scheme Mandate Limit under the 2023 Share Option Scheme, provided that:
- (a) the total number of Shares which may be allotted and issued upon exercise of all options and awards to be granted under the 2023 Share Option Scheme and any other Share Scheme(s) must not exceed 10% of the Shares in issue as at the date of the approval of the refreshed limit, and for the purpose of calculating the refreshed Scheme Mandate Limit, options and awards lapsed in accordance with the terms of the 2023 Share Option Scheme and any other Share Scheme(s) will not be regarded as utilised;
 - (b) where the refreshment of the Scheme Mandate Limit is sought within three years from the date of Shareholders’ approval for the last refreshment (or, as the case may be, the Adoption Date):
 - (A) at the general meeting for considering and approving the proposed resolution of such refreshment, any controlling shareholders and their associates (or if there is no controlling shareholder, directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) shall abstain from voting in favour of the relevant resolution; and

- (B) the Company shall comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules (or the successor provisions then prevailing),

provided that the requirements under this paragraph 3.2(b)(A) do not apply if the refreshment is made immediately after an issue of securities by the issuer to its shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Mandate Limit (as a percentage of the relevant class of shares in issue) upon refreshment is the same as the unused part of the Scheme Mandate Limit immediately before the issue of securities, rounded to the nearest whole Share; and

- (c) after three years from the date of Shareholders' approval for the last refreshment (or, as the case may be, the Adoption Date), the requirements under this paragraph 3.2(b)(A) shall not be applicable;

- 3.3 Subject to paragraph 3.1 above and without prejudice to paragraph 3.2 above, the Company may seek separate Shareholders' approval in general meeting to grant Options under the 2023 Share Option Scheme beyond the Scheme Mandate Limit or, if applicable, the refreshed limit referred to in paragraph 3.2 above to Eligible Participants specifically identified by the Company before such approval is sought. The number and terms of options or awards to be granted to such participant must be fixed before Shareholders' approval. In respect of any Options to be granted, the date of the board meeting for proposing such Grant should be taken as the date of Grant for the purpose of calculating the Subscription Price (as defined below).

4. Maximum entitlement of each Eligible Participant

Subject to paragraph 5.2 below, where any Grant of Options to a Grantee under the 2023 Share Option Scheme would result in the Shares issued and to be issued upon exercise of all Options or awards Granted and proposed to be Granted to such person (excluding any Options and awards lapsed in accordance with the terms of the 2023 Share Option Scheme or any other Share Scheme(s)) under the 2023 Share Option Scheme and any other Share Scheme(s) in the 12-month period up to and including the date of such further Grant representing in aggregate over 1% of the total number of Shares in issue, such Grant must be separately approved by the Shareholders in general meeting with such Grantee and his/her close associates (or his/her associates if the Grantee is a connected person of the Company) abstaining from voting. The number and terms of Options or awards to be granted to such participant must be fixed before Shareholders' approval. In respect of any Options to be granted, the date of the board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the Subscription Price.

5. Grant of Options to connected persons

- 5.1 Without prejudice to paragraph 4 above, the making of an offer of Options to any Director, chief executive or substantial Shareholder, or any of their respective associates, must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed Grantee of the Options or awards). The requirements for Grants to a Director or chief executive of the Company set out in this paragraph do not apply where Eligible Participant is only a proposed Director or proposed chief executive of the Company.
- 5.2 Without prejudice to paragraph 5.1 above, where any Grant of Options or awards to an independent non-executive Director or a substantial Shareholder or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options and awards granted (excluding any Options and awards lapsed in accordance with the terms of the 2023 Share Option Scheme or any other relevant Share Scheme(s)) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue, such Grant of Options or awards must be approved by the Shareholders in general meeting (with such Grantee, his/her associates and all core connected persons of the Company abstaining from voting in favour). In such connection, the Company shall comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules (or the successor provisions then prevailing).

6. Acceptance of Options

- 6.1 An offer of Options shall be made to an Eligible Participant in writing (and unless so made shall be invalid) in such form as the Directors may from time to time determine, either generally or on a case-by-case basis, specifying the number of Shares, the option period and the vesting period in respect of which the offer of Options is made and further requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the 2023 Share Option Scheme and shall remain open for acceptance by the Eligible Participant concerned (and by no other person) for a period of up to 21 days from the Offer Date.
- 6.2 An offer of Options shall have been accepted by an Eligible Participant in respect of all Shares under the Option which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the offer of Options duly signed by the Eligible Participant together with a remittance in favour of the Company of \$1.00 by way of consideration for the Grant thereof is received by the Company within such time as may be specified in the offer of Options (which shall not be later than 21 days from the Offer Date). Such remittance shall in no circumstances be refundable.

- 6.3 Upon an offer of Options being accepted by an Eligible Participant in whole or in part in accordance with paragraphs above, an Option in respect of the number of Shares in respect of which the offer was so accepted will be deemed to have been granted by the Company to such Eligible Participant on the Offer Date. To the extent that the offer is not accepted within the time specified in the offer in the manner indicated in paragraphs above, it will be deemed to have been irrevocably declined.

7. Vesting period

The vesting period in respect of any Option granted to any Grantee shall not be shorter than 12 months from the date of the acceptance of the offer of Options, provided that where the Grantee is:

- (a) an Employee Participant who is a Director or a senior manager specifically identified by the Company, the Remuneration Committee shall; or
- (b) an Employee Participant who is not a Director nor a senior manager specifically identified by the Company, the Directors shall

have the authority to determine a shorter vesting period at the discretion of the Remuneration Committee (or, as the case may be, the Directors) in the following circumstances:

- (i) grants of “make-whole” Options to new joiners to replace the share awards or options they forfeited when leaving the previous employer;
- (ii) grants to an Eligible Participant whose employment is terminated due to death or disability or occurrence of any out of control event;
- (iii) grants that are made in batches during a year for administrative and compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the Option would have been granted; or
- (iv) grants with a mixed or accelerated vesting schedule such as where the Option may vest evenly over a period of 12 months.

8. Performance target and clawback mechanism

- 8.1 Save specific performance target(s) that may be attached to any Option being granted to any of the Grantees under the 2023 Share Option Scheme as an inducement to enter into employment contracts with the Company or its Subsidiaries, no performance target(s) should be attached to any Option being granted to any of the Grantees under the 2023 Share Option Scheme.
- 8.2 Save specific clawback mechanism that may be attached to any Option being granted to any of the Grantees under the 2023 Share Option Scheme as an inducement to enter into employment contracts with the Company or its Subsidiaries, any Option granted is not subject to any clawback mechanism.

9. Exercise of Option

- 9.1 Subject to paragraph 9.2 below, an Option shall be personal to the Grantee and shall not be transferable or assignable, and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do.
- 9.2 Where (i) the Directors give their express consent in writing (which consent may or may not be given by the Directors at their absolute discretion), and (ii) the Stock Exchange gives any express waiver, the Option held by a Grantee may be allowed to be transferred to a Participant Vehicle for the benefit of the Grantee and any family members of such Grantee (for purposes of estate planning or tax planning or such other reasons as the Directors and the Stock Exchange consider to be justifiable) that would continue to meet the purpose of the 2023 Share Option Scheme and comply with the requirements of Chapter 17 of the Listing Rules. In connection with the application for the above consent from the Directors and the above waiver from the Stock Exchange, the Grantee shall (b-1) provide information on the beneficiaries or discretionary objects of the trust or the ultimate beneficial owners of the transferee vehicle, as well as such other information as may be required by the Directors or the Stock Exchange, and (b-2) consent to the disclosure of such information in the announcement, circular and/or report to be published by the Company. The Participant Vehicle shall comply with paragraph 9.1 and other provisions of this Scheme shall apply, mutatis mutandis, to the Participant Vehicle.
- 9.3 Subject to, among others, fulfillment of all terms and conditions set out in the offer of Options, including the attainment of any performance targets stated therein (if any), an Option shall be exercisable in whole or in part by giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is so exercised (which, except where the number of Shares in respect of which the Option remains unexercised is less than one board lot or where the Option is exercised in full, must be for a board lot for dealings in Shares on the Stock Exchange or an integral multiple thereof). Each such notice must be accompanied by a remittance for the full amount of the aggregate Subscription Price for Shares in respect of which the notice is given. Within 21 days (7 days in the case of an exercise pursuant to paragraph 9.4(c)) after receipt of the notice, the Company shall accordingly allot and issue the relevant number of Shares to the Grantee fully paid and issue to the Grantee (or his/her estate in the event of an exercise by his/her personal representative) a share certificate for the Shares so allotted and issued.

- 9.4 Subject as hereinafter provided, an Option may (and may only) be exercised by the Grantee at any time or times during the option period provided that:
- (a) if the Grantee is an employee participant and in the event of his/her ceasing to be an employee participant by reason of his/her death, ill-health or retirement in accordance with his/her contract of employment before exercising the Option in full, his/her personal representative(s) or, as appropriate, the Grantee may exercise the Option (to the extent vested and not already exercised) in whole or in part in accordance with the provisions of paragraph 9.3 within a period of 12 months following the date of cessation of employment which date shall be the last day on which the Grantee was at work with the Company or the relevant Subsidiary whether salary is paid in lieu of notice or not, or such longer period as the Directors may determine or, if any of the events referred to in paragraph 9.4(c) or 9.4(d) occur during such period, exercise the Option pursuant to paragraph 9.4(c) or 9.4(d) respectively. For the avoidance of doubt, save as provided in the foregoing, all unvested Options shall be forfeited and cancelled on the date of cessation of employment;
 - (b) if the Grantee is an employee participant and in the event of his/her ceasing to be an employee participant for any reason other than his/her death, ill-health or retirement in accordance with his/her contract of employment or the termination of his/her employment on one or more of the grounds specified in the 2023 Share Option Scheme before exercising the Option in full, the Option (to the extent vested and not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless the Directors otherwise determine in which event the Grantee may exercise the Option (to the extent vested and not already exercised) in whole or in part in accordance with the provisions of paragraph 9.3 within such period as the Directors may determine following the date of such cessation or termination or, if any of the events referred to in paragraph 9.4(c) or 9.4(d) occur during such period, exercise the Option pursuant to paragraph 9.4(c) or 9.4(d) respectively. The date of cessation or termination as aforesaid shall be the last day on which the Grantee was actually at work with the Company or the relevant Subsidiary whether salary is paid in lieu of notice or not. For the avoidance of doubt, all unvested Options shall be forfeited and cancelled on the date of cessation or termination of employment;

- (c) if a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of the Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, *mutatis mutandis*, and assuming that they will become, by the exercise in full of the Options granted to them, shareholders of the Company. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to shareholders in the Company, the Grantee shall, notwithstanding any other terms on which his/her Options were granted, be entitled to exercise the Option (to the extent vested and not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company in accordance with the provisions of paragraph 9.3 at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be. Subject to the above, the Option will lapse automatically (to the extent not exercised) on the date which such offer (or, as the case may be, the revised offer) closed or the relevant record date for entitlements under the scheme of arrangement, as the case may be;
- (d) in the event of a resolution being proposed for the voluntary winding-up of the Company during the option period, the Grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two business days before the date on which such resolution is to be considered and/or passed, exercise his/her Option (to the extent vested and not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of paragraph 9.3 and the Company shall allot and issue to the Grantee the Shares in respect of which such Grantee has exercised his/her Option not less than one business day before the date on which such resolution is to be considered and/or passed whereupon he/she shall accordingly be entitled, in respect of the Shares allotted and issued to him/her in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all Options (whether vested or unvested) then outstanding shall lapse and determine on the commencement of the winding-up; and

- (e) if the Grantee is a Participant Vehicle:
- (i) the provisions of paragraphs 9.4(a), 9.4(b), 13.1(c) and 13.1(d) shall apply to the Grantee and to the Options granted to such Grantee, *mutatis mutandis*, as if such Options had been granted to the relevant individual Eligible Participant, and such Options shall accordingly lapse or fall to be exercisable after the event(s) referred to in paragraphs 9.4(a), 9.4(b), 13.1(c) and 13.1(d) shall occur with respect to the relevant individual Eligible Participant; and
 - (ii) the Options granted to the Grantee shall lapse and determine on the date the Grantee ceases to be wholly owned by the relevant individual Eligible Participant(s) (or, where the Grantee is originally a trust of which the relevant individual Eligible Participant is a beneficiary or discretionary object, on the date the relevant individual Eligible Participant ceases to be a beneficiary or discretionary object) provided that the Directors may in their absolute discretion decide that such Options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

For the avoidance of doubt, save if the Grantee is an employee participant and his/her employment is terminated due to death or ill-health as specified in paragraph 9.4(a) above where the Remuneration Committee (or, as the case may be, the Directors) has/have discretion to determine a shorter vesting period as specified in paragraph 7 above, none of the above circumstances may result in a vesting period of less than 12 months.

- 9.5 Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the articles of association of the Company for the time being in force and will rank *pari passu* in all respects with the then existing fully paid Shares in issue on the date on which the Option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (“**Exercise Date**”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted and issued upon the exercise of an Option shall not carry voting rights until the name of the Grantee has been duly entered on the register of members of the Company as the holder thereof.
- 9.6 The option period of an Option may not end later than 10 years from the Offer Date of that Option.

10. Subscription price

The exercise price (“**Subscription Price**”) in relation to each Option shall, subject to the adjustments referred to in the 2023 Share Option Scheme, be determined at the discretion of the Directors, provided that it shall not be less than the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the Offer Date which must be a business day;
- (b) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet for the five business days immediately preceding the Offer Date; and
- (c) the nominal value of the Share.

11. Restrictions on the time of grant of Options

For so long as the Shares are listed on the Stock Exchange:

- (a) the Directors may not make any offer of Options to an Eligible Participant after inside information has come to the Company’s knowledge until it has announced the information. In particular, no offer may be made during the period commencing one month immediately before the earlier of:
 - (i) the date of Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for the approval of the Company’s results of any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
 - (ii) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement; and for the avoidance of doubt, no offer may be made during any period of delay in publishing a results announcement; and

- (b) the Directors may not make any offer of Options to an Eligible Participant who is a Director during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

12. Scheme life of the 2023 Share Option Scheme

Subject to paragraph 19, the 2023 Share Option Scheme shall be valid and effective for the period commencing on the Adoption Date and ending on the 10th anniversary of the Adoption Date (both dates inclusive), after which period no further Options may be issued but the provision of the 2023 Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of the 2023 Share Option Scheme.

13. Early termination of Option period

13.1 The Option period in respect of any Option shall automatically terminate and that Option (to the extent not already exercised) shall lapse on the earliest of:

- (a) the expiry of the option period;
- (b) the expiry of any of the periods referred to in paragraph 9.4;
- (c) in respect of a Grantee who is an employee participant, the date on which the Grantee ceases to be an employee participant by reason of termination of his/her employment on the grounds that he/she has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his/her creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or any member of the Group into disrepute);
- (d) in respect of a Grantee other than an employee participant, the date on which the Directors shall at their absolute discretion determine that (i) (aa) the Grantee or his/her associate has committed any breach of any contract entered into between the Grantee or his/her associate on the one part and any member of the Group on the other part; or (bb) the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his/her creditors generally or (cc) the Grantee could no longer make any contribution to the growth and development of any member of the Group by reason of the cessation of its relations with the Group or by any other reason whatsoever; and (ii) the Option shall lapse as a result of any event specified in sub-paragraph (a), (b) or (c) above; and
- (e) the date on which the Directors shall exercise the Company's right to cancel the Option by reason of a breach of paragraph 9.1 by the Grantee in respect of that or any other Option.

14. Adjustments to the Subscription Price

14.1 In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable or the 2023 Share Option Scheme remains in effect, and such event arises from a capitalisation issue, rights issue, consolidation or sub-division of the Shares, or reduction of the share capital of the Company, then, in any such case the Company shall instruct the auditors or an independent financial adviser to certify in writing the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular Grantee, to:

- (a) the number of Shares to which the 2023 Share Option Scheme or any Option(s) relates (insofar as it is/they are unexercised); and/or
- (b) the Subscription Price of any Option; and/or
- (c) (unless the relevant Grantee elects to waive such adjustment) the number of Shares comprised in an Option or which remains comprised in an Option,

and an adjustment as so certified by the auditors or such independent financial adviser shall be made, provided that:

- (aa) any such adjustment shall give the Grantee the same proportion of the number of issued Shares (rounded to the nearest whole share) as that to which such Grantee was entitled immediately prior to such adjustment;
- (bb) no such adjustment may be made to the extent that a Share would be issued at less than its nominal value;
- (cc) the issue of Shares or other securities of the Group as consideration in a transaction may not be regarded as a circumstance requiring any such adjustment; and
- (dd) any such adjustment shall be in compliance with the Listing Rules and such applicable rules, codes, guidance notes and/or interpretation of the Listing Rules from time to time promulgated by the Stock Exchange.

In respect of any adjustment referred to in this paragraph 14.1, other than any adjustment made on a capitalisation issue, the auditors or such independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules.

15. Cancellation of Options

Subject to paragraph 9.1 and Chapter 17 of the Listing Rules, any Option granted but not exercised may not be cancelled except with the prior written consent of the relevant Grantee and the approval of the Directors. Where the Company cancels any unvested Option granted to a Grantee or any vested (but not yet exercised) Option and issues new Option(s) to the same Grantee, the issue of such new Option(s) may only be made with available Scheme Mandate Limit approved by the Shareholders pursuant to paragraph 3.2(a) or 3.2(b). The Options cancelled shall be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

16. Share capital

The exercise of any Option shall be subject to the members of the Company in general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto, the Directors shall make available sufficient authorised but unissued share capital of the Company to allot and issue the Shares on the exercise of any Option.

17. Disputes

Any dispute arising in connection with the number of Share the subject of an Option, or any adjustment under paragraph 14 shall be referred to the decision of the auditors who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final, conclusive and binding on all persons who may be affected thereby.

18. Alteration of the 2023 Share Option Scheme

18.1 Subject to paragraphs 18.2 and 18.4, the 2023 Share Option Scheme may be altered in any respect by a resolution of the Directors except that:

- (a) the provisions of the 2023 Share Option Scheme as to the definitions of "Eligible Participants", "Grantee", "Option Period" and "Termination Date" of the 2023 Share Option Scheme;
- (b) the provisions of the 2023 Share Option Scheme relating to the matters governing by Rule 17.03 of the Listing Rules,

shall not be altered to the advantage of Grantees or prospective Grantees except with the sanction of a resolution of the Shareholders in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Grantees as would be required of the holders of the Shares under the articles of association for the time being of the Company for a variation of the rights attached to the Shares. For the avoidance of doubt, no alteration to the 2023 Share Option Scheme shall operate to affect adversely any rights of any Grantee subsisting hereunder and/or under the Option so held by him/her immediately prior to such alteration.

- 18.2 Subject to paragraph 18.3, any change to the terms of any Options granted to a Grantee shall be approved by the Directors, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders in general meeting (as the case may be) in accordance with the terms of the 2023 Share Option Scheme and Chapter 17 of the Listing Rules. The foregoing provisions of this paragraph 18.2 shall not apply where the alterations take effect automatically under the existing terms of the 2023 Share Option Scheme.
- 18.3 Any change to the authority of the Directors or the administrators of the 2023 Share Option Scheme to alter the terms of the 2023 Share Option Scheme must be approved by the Shareholders in general meeting.
- 18.4 The terms of the 2023 Share Option Scheme and/or any Options amended pursuant to paragraph 18 must comply with the applicable requirements of the Listing Rules.
- 18.5 Where the terms of the 2023 Share Option Scheme are amended, the Company shall, immediately upon such changes taking effect, provide to all participants all details relating to changes in the terms of the 2023 Share Option Scheme during the life of the 2023 Share Option Scheme.

19. Termination of the 2023 Share Option Scheme

The Company by resolution in general meeting may at any time terminate the operation of the 2023 Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the 2023 Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options (to the extent not already exercised) granted prior thereto or otherwise as may be required in accordance with the provisions of the 2023 Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and (subject to vesting in accordance with the terms of the Offer) exercisable in accordance with the 2023 Share Option Scheme.

NOTICE OF 2023 ANNUAL GENERAL MEETING



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)

NOTICE OF 2023 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2023 annual general meeting of Veeko International Holdings Limited 威高國際控股有限公司 (the “**Company**”) (the “**Meeting**”) will be held in physical form at 10th Floor, Wyler Centre Phase II, 192-200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong on Monday, 11 September 2023 at 10:30 a.m. for the following purposes:

1. To consider and receive the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors and of the independent auditor for the year ended 31 March 2023.
2. To declare a final dividend for the year ended 31 March 2023 of HK0.5 cent per share out of share premium account of the Company.
3. To re-elect Mr. Lam Man Tin as a director.
4. To re-elect Mr. Cheng Man Loong, Monty as a director.
5. To authorise the board of directors to fix the directors’ remuneration.
6. To re-appoint Messrs. Ernst & Young as auditors of the Company and to authorise the board of directors to fix their remuneration.
7. To consider and if thought fit, pass, with or without amendments, the following resolution as an ordinary resolution:

“THAT

- (a) subject to paragraph (b) below, a general and unconditional mandate be and is hereby granted to the directors of the Company to exercise all powers of the Company during the Relevant Period (as hereinafter defined) 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 shares 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;

NOTICE OF 2023 ANNUAL GENERAL MEETING

- (b) the aggregate number of shares of the Company to be purchased or agreed to be purchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10% of the total number of issued shares of the Company as at the date of passing of this resolution (subject to adjustment in the case of any consolidation or subdivision of shares of the Company after the date of passing of this resolution) and the approval pursuant to paragraph (a) shall be limited accordingly; and
 - (c) for the purpose of this resolution, “Relevant Period” means the period from the date of 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.”
8. To consider and if thought fit, pass, with or without amendments, the following resolution as an ordinary resolution:

“THAT

- (a) subject to paragraph (b) below, a general and unconditional mandate be and is hereby granted to the directors of the Company (the “**Directors**”) to exercise all powers of the Company during the Relevant Period (as hereinafter defined) to issue, allot and deal with the unissued shares of the Company 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 in accordance with all applicable laws, rules and regulations;
- (b) the aggregate number of shares issued, allotted and dealt with or agreed conditionally or unconditionally to be issued, allotted and dealt with pursuant to the approval in paragraph (a) above during the Relevant Period, otherwise than pursuant to the following, shall not exceed 20% of the total number of issued shares of the Company as at the date of passing of this resolution (subject to adjustment in the case of any consolidation or subdivision of shares of the Company after the date of passing of this resolution) and the said approval shall be limited accordingly:

NOTICE OF 2023 ANNUAL GENERAL MEETING

- (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 of rights to acquire shares of the Company;
 - (iii) any scrip dividend scheme or similar arrangement implemented in accordance with the articles of association of the Company; or
 - (iv) any specific authority granted or to be granted by the shareholders of the Company in general meeting; and
- (c) for the purpose of this resolution, “Relevant Period” means the period from the date of 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.”
9. To consider and if thought fit, pass, with or without amendments, the following resolution as an ordinary resolution:

“**THAT** conditional upon the passing of resolutions 7 and 8 as set out in the notice convening this meeting, the general mandate granted to the directors of the Company pursuant to resolution 8 to exercise the powers of the Company to issue, allot and deal with the unissued shares of the Company be and is hereby extended by the addition thereto the number of shares of the Company to be repurchased by the Company under the authority granted pursuant to resolution 7, provided that such number in aggregate shall not exceed 10% of the total number of issued shares of the Company as at the date of passing of this resolution.”

NOTICE OF 2023 ANNUAL GENERAL MEETING

10. To consider and if thought fit, pass, with or without amendments, the following resolution as an ordinary resolution:

“**THAT** the share option scheme of the Company (“**2023 Share Option Scheme**”), the rules of which are contained in the document marked “A” produced to this meeting and, for the purposes of identification, signed by the chairman of the meeting and summarised in the circular of the Company (“**Circular**”) dated 31 July 2023, be hereby approved and adopted and the directors of the Company be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the 2023 Share Option Scheme including without limitation:

- (a) administering the 2023 Share Option Scheme and granting options under the 2023 Share Option Scheme;
- (b) modifying and/or amending the rules of the 2023 Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the 2023 Share Option Scheme relating to modification and/or amendment and the requirements of the Rules (“**Listing Rules**”) Governing the Listing of Securities on the Stock Exchange;
- (c) issuing and allotting from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options granted under the 2023 Share Option Scheme; and
- (d) making application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may from time to time be issued and allotted pursuant to the exercise of the options granted under the 2023 Share Option Scheme.”

By order of the Board
Veeko International Holdings Limited
威高國際控股有限公司
Wong Chi Ying
Company Secretary

Hong Kong, 31 July 2023

NOTICE OF 2023 ANNUAL GENERAL MEETING

Notes:

- (1) All resolutions at the Meeting will be taken by poll (except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
- (2) A member entitled to attend and vote at the Meeting is entitled to appoint one or more (if he holds more than one share) proxies to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the Meeting. A proxy need not be a member of the Company. If more than one proxy is appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed.
- (3) 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 branch share registrar in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time fixed for holding the Meeting or any adjournment thereof. Accordingly, the form of proxy must be delivered to the Company’s branch share registrar in Hong Kong no later than 10:30 a.m. on Saturday, 9 September 2023. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the Meeting and, in such event, the said form of proxy shall be deemed to be revoked.
- (4) For determining the entitlement to attend and vote at the Meeting, the register of members of the Company will be closed from Wednesday, 6 September 2023 to Monday, 11 September 2023, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Meeting, non-registered holders of shares are required to lodge all transfer documents accompanied by the relevant share certificates with the Company’s branch share registrar in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 5 September 2023.
- (5) For determining the entitlement to the proposed final dividend (subject to approval by the shareholders of the Company at the Meeting), the register of members of the Company will be closed from Monday, 18 September 2023 to Tuesday, 19 September 2023, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, non-registered holders of shares are required to lodge all transfer documents accompanied by the relevant share certificates with the Company’s branch share registrar in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Friday, 15 September 2023.

As at the date of this notice, the board of directors of the Company comprises two executive directors, namely Mr. Cheng Chung Man, Johnny (Chairman) and Ms. Lam Yuk Sum, one non-executive director, namely Mr. Lam Man Tin, and three independent non-executive directors, namely Mr. Au-Yeung Hau Cheong, Mr. Cheng Man Loong, Monty and Mr. Yeung Wing Kay.