

SUBSTANTIAL SHAREHOLDERS

Other than disclosed above under the section headed "Directors' Interests in Shares, Underlying Shares and Debentures" and other substantial shareholders' interests disclosed in the following table, at 30th September, 2006, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that the Company had not been notified of any relevant interests or short positions in the shares or underlying shares of the Company.

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Cheah Cheng Hye	Held by controlled corporation	153,000,000 <i>(Note)</i>	9.20%
Value Partners Limited	Held by investment managers	153,000,000 <i>(Note)</i>	9.20%
Value Partners High-Dividend Stocks Fund	Beneficial owner	88,160,000	5.30%

Note: Value Partners Limited through its investment managers including Value Partners High-Dividend Stocks Fund owns an aggregate of 153,000,000 ordinary shares of the Company. Mr. Cheah Cheng Hye is deemed to be interested in 153,000,000 ordinary shares of the Company as he beneficially owns 32.77% of Value Partners Limited.

CORPORATE GOVERNANCE

The Group has complied with the code provisions ("Code Provision") set out in the Code on Corporate Governance Practices ("CG Code") in Appendix 14 of the Listing Rules throughout the six months ended 30th September, 2006 except for the deviation from Code Provision A.4.2:

Code Provision A.4.2 of the CG code stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The Company's Articles of Association is not compatible with Code Provision A.4.2 of the CG Code and provides that one-third of the directors for the time being (save for the Chairman and the Managing Director), or if their number is not three nor a multiple of three, then the number nearest to but not exceeding one-third, shall retire from office and be eligible, for re-election at annual general meetings and that any new director appointed by the Board during the year shall hold office until the next following annual general meeting after appointment, when he/she shall be eligible for re-election.

Veeko International Holdings Limited

To conform with Code Provision A.4.2 of the CG Code, a special resolution was proposed and approved at the annual general meeting of the Company held on 21st August, 2006 to amend the Company's Articles of Association so that all directors including those appointed for a specific term or holding office as Chairman or Managing Director will be subject to retirement by rotation once every three years and any new director appointed to fill a casual vacancy shall be subject to re-election by shareholders at the first general meeting after his/her appointment.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding director's securities transactions on terms no less exacting than the required standard set out in Appendix 10 Model Code of the Listing Rules. Having made specific enquiry of all directors, all directors have complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30th September, 2006, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The unaudited results of the Group for the six months ended 30th September, 2006 have been reviewed by the Audit Committee. The Audit Committee constitutes 3 independent non-executive directors.

On behalf of the Board
Veeko International Holdings Limited
Cheng Chung Man, Johnny
Chairman

Hong Kong, 18th December, 2006