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

If you have sold or transferred all your shares in VARITRONIX INTERNATIONAL LIMITED, you should at once hand this circular and the enclosed proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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VARITRONIX

VARITRONIX INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 710)

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

A notice convening the AGM of the Company to be held at Units A – F, 35/F., Legend Tower, No. 7 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong, on Monday, 3 June 2013 at 10:00 a.m. is set out on pages 25 to 28 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the meeting or any adjourned meeting. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or any adjourned meeting if you so wish.

Hong Kong, 26 April 2013

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DEFINITIONS

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

“Adoption Date”	the date on which the New Share Option Scheme shall fall to be conditionally adopted by an ordinary resolution of the Shareholders at the AGM
“AGM”	the annual general meeting of the Company to be held at Units A – F, 35/F., Legend Tower, No. 7 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong on Monday, 3 June 2013 at 10:00 a.m., notice of which is set out on pages 25 to 28 of this circular
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“Company”	Varitronix International Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Eligible Participants”	full time or part time employees of the Group (including any directors, whether executive or non-executive and whether independent or not, of the Company or any of its subsidiaries) and any suppliers, consultants, agents and advisers or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group eligible for Options under the New Share Option Scheme
“Existing Share Option Scheme”	the share option scheme of the Company adopted by the Shareholders on 12 May 2003
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“Latest Practicable Date”	18 April 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme”	the share option scheme proposed to be adopted and approved by the Shareholders at the AGM
“Offer Date”	in relation to an Option, the date (which must be a Business Day) on which an Eligible Participant is offered such Option
“Option”	a right granted under the New Share Option Scheme or Other Scheme to subscribe for Shares in accordance with the New Share Option Scheme or Other Scheme
“Option Holder”	a person who holds an Option (and, where relevant, includes his personal representatives)
“Option Period”	in relation to an Option, the period, which is notified by the Board when making an offer to an Eligible Participant, during which the Option may be exercised, such period must not exceed 10 years from the date of grant of the option
“Option Price”	in respect of any Option granted under the New Share Option Scheme, the subscription price for each Share payable by the Option Holder on exercise of the Option as determined by the Board and notified to an Option Holder in accordance with the Listing Rules
“Other Scheme(s)”	any share option scheme, other than the New Share Option Scheme, involving the grant by the Company or any of its subsidiaries of options over new securities issued by the Company or any of its subsidiaries established by the Company or any of its subsidiaries in accordance with Chapter 17 of the Listing Rules or any other share option scheme(s) which is determined by the Stock Exchange to be analogous to a share option scheme as described in Chapter 17 of the Listing Rules (including the Existing Share Option Scheme)

DEFINITIONS

“Repurchase Proposal”	the proposal to give a general mandate to the Board to exercise the powers of the Company to repurchase Shares up to a maximum of 10% of the issued share capital of the Company as at the date of the passing of the Repurchase Resolution
“Repurchase Resolution”	the proposed ordinary resolution as referred to in item 5 of the notice of the AGM
“Share(s)”	share(s) of HK\$0.25 each in the share capital of the Company
“Share Repurchase Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listing on the Stock Exchange of their own securities
“Shareholder(s)”	the holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Repurchases
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	Percentage

LETTER FROM THE BOARD



VARITRONIX

VARITRONIX INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 710)

Directors:

Executive Directors:

Mr. Ko Chun Shun, Johnson (*Chairman*)

Mr. Tsoi Tong Hoo, Tony

Mr. Yuen Kin

Mr. Ho Te Hwai, Cecil

Independent Non-executive Directors:

Dr. Lo Wing Yan, William *J.P.*

Mr. Chau Shing Yim, David

Mr. Hou Ziqiang

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Head Office and Principal

Place of Business:

Units A – F, 35/F

Legend Tower

No. 7 Shing Yip Street

Kwun Tong

Kowloon, Hong Kong

26 April 2013

To the Shareholders

Dear Sir or Madam,

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

1. INTRODUCTION

The purpose of this circular is to provide you with information regarding the proposed general mandates to allot, issue, deal with and repurchase Shares, the adoption of the New Share Option Scheme and to seek your approval of the resolutions relating to these matters at the AGM.

LETTER FROM THE BOARD

2. GENERAL MANDATE TO REPURCHASE SHARES

At the annual general meeting of the Company held on 1 June 2012, a general mandate was granted to the Board to exercise the powers of the Company to repurchase Shares. Such mandate will lapse at the conclusion of the forthcoming AGM. The Board proposes to seek your approval of the Repurchase Resolution as set out in resolution no. 5 in the notice of the AGM to give a fresh mandate to the Directors to exercise the power of the Company to repurchase Shares up to a maximum of 10% of the issued share capital of the Company at the date of passing of the resolution. This general mandate will continue in force during the period from the passing of the Repurchase Resolution until the conclusion of the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the Bye-laws of the Company to be held or until these general mandates are revoked or varied by ordinary resolutions of the Shareholders in general meeting, whichever is the earlier. An explanatory statement as required under the Share Repurchase Rules to provide the requisite information of the Repurchase Proposal is set out in Appendix I to this circular. The Board believes that such mandate will give flexibility to the Board to repurchase Shares when it is in the best interest of the Company.

3. GENERAL MANDATE TO ISSUE NEW SHARES

At the annual general meeting of the Company held on 1 June 2012, a general mandate was granted to the Board to exercise the powers of the Company to allot, issue and deal with Shares. Such mandate will lapse at the conclusion of the forthcoming AGM. The Board proposes to seek your approval of the resolutions as set out in resolution nos. 6 and 7 in the notice of the AGM to give a fresh mandate to the Directors to exercise the power of the Company to allot, issue and deal with Shares up to a maximum of 20% of the issued share capital of the Company at the date of passing of the resolution, and adding to such general mandate so granted to the Board any Shares representing the aggregate nominal amount of the Shares repurchased by the Company after the granting of the general mandate to repurchase Shares up to 10% of the issued share capital of the Company as at the date of the passing of the Repurchase Resolution. This general mandate will continue in force during the period from the passing of the Repurchase Resolution until the conclusion of the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the Bye-laws of the Company to be held or until these general mandates are revoked or varied by ordinary resolutions of the Shareholders in general meeting, whichever is the earlier. The Board believes that such mandate will give flexibility to the Board to allot, issue and deal with Shares when it is in the best interest of the Company.

4. PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme

The Existing Share Option Scheme was adopted by the Company on 12 May 2003 by way of Shareholders' resolution shall expire on 11 May 2013. Accordingly, the Company proposes to adopt the New Share Option Scheme which complies with Chapter 17 of the Listing Rules. Other than the Existing Share Option Scheme, the Company has not adopted any share option scheme as at the Latest Practicable Date.

LETTER FROM THE BOARD

The purpose of the New Share Option Scheme is to enable the Company to continue to grant Options to the Eligible Participants who, in the sole discretion of the Board, have made or may make contribution to the Group or any invested entity as well as to provide incentives and help the Group in retaining its existing employees and recruiting additional employees and to provide them with a direct economics interest in attaining the long term business objectives of the Group.

At the AGM, an ordinary resolution will be proposed for the Company to approve and adopt the New Share Option Scheme, which will take effect on the date of its adoption at the AGM subject to the Stock Exchange granting approval for the listing of and dealing in the Shares to be issued and allotted pursuant to the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme.

The rules of the New Share Option Scheme provide that the Company may specify the Eligible Participants to whom Options shall be granted, the number of Shares subject to each Option and the date on which the Options shall be granted. The basis for determining the subscription price is also specified precisely in the rules of the New Share Option Scheme. There is no performance target specified in the New Share Option Scheme. The Directors consider that the aforesaid criteria and rules will serve to preserve the value of the Company and encourage Eligible Participants to acquire proprietary interests in the Company.

As at the Latest Practicable Date, the Company had 324,685,204 issued Shares. Assuming that there is no change in the issued share capital between the Latest Practicable Date and the Adoption Date, the number of Shares issuable pursuant to the New Share Option Scheme on the Adoption Date will be 32,468,520 Shares. Subject to the approval of the New Share Option Scheme by the Shareholders, a resolution will be proposed at the AGM for the Board to grant Options under the New Share Option Scheme for the subscription of not more than 10% of the entire issued share capital of the Company (excluding, for this purpose, Options which have lapsed in accordance with the terms of any other share option scheme of the Group, and the outstanding Options granted and yet to be exercised pursuant to the Existing Share Option Scheme) as at the date of the passing of the relevant resolution.

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the New Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the Option value have not been determined. Such variables include but are not limited to the exercise price, exercise period, lock-up period (if any), and predetermined performance targets (if any). The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to Shareholders.

LETTER FROM THE BOARD

As at the Latest Practicable Date, 36,128,500 Options has been granted under the Existing Share Option Scheme, of which 10,401,000 had cancelled, forfeited or lapsed and 24,390,000 Options remained outstanding. The total amount of Shares that may fall to be allotted and issued upon exercise in full of the Options that may be granted after the resolution authorising the Directors to allot and issue up to 10% of the then issued share capital of the Company has passed at the AGM would be 32,468,520, which is within the overall limit of 30% prescribed under Rule 17.03(3) of the Listing Rules.

Upon expiration of the Existing Share Option Scheme, no further Options can be offered thereunder but the provisions of the Existing Share Option Scheme shall remain in all other respects in full force and effect in respect of any Options granted prior to such expiration but not yet exercised at the time of expiration.

None of the Directors is and will be trustee of the New Share Option Scheme or has a direct or indirect interest in the trustee. With respect to the operation of the New Share Option Scheme, the Company will, where applicable, comply with the relevant requirements under Chapter 17 of the Listing Rules.

Conditions precedent of the New Share Option Scheme

The adoption of the New Share Option Scheme is conditional upon:

- (a) the passing of an ordinary resolution to adopt the New Share Option Scheme by the Shareholders at the AGM; and
- (b) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in any Shares which may fall to be issued by the Company pursuant to the exercise of Options in accordance with the terms of the New Share Option Scheme.

Subject to the obtaining of Shareholders' approval with respect to the adoption of the New Share Option Scheme at the AGM, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any Other Schemes must not in aggregate exceed 10% of the total issued capital of the Company as at the Adoption Date unless the Company obtains a fresh approval from Shareholders to renew the 10% limit on the basis that the maximum number of Shares in respect of which Options may be granted under the New Share Option Scheme together with any Options outstanding and yet to be exercised under the New Share Option Scheme and any Other Schemes must not exceed 30% of the issued share capital of the Company from time to time.

A summary of the principal terms of the New Share Option Scheme which is proposed to be approved and adopted by the Company at the AGM is set out in Appendix III to this circular from pages 16 to 24. A copy of the New Share Option Scheme is available for inspection at the Company's head office and principal place of business in Hong Kong at Units A – F, 35/F, Legend Tower, No. 7 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong during normal business hours from the date hereof up to and including the date of the AGM.

LETTER FROM THE BOARD

Application for listing

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 to be issued pursuant to the exercise of the Options granted under the New Share Option Scheme.

5. AGM

On pages 25 to 28 of this circular, you will find a notice convening the AGM at which the following resolutions will be proposed:

- an ordinary resolution to grant to the Board a general mandate to exercise all powers of the Company to repurchase Shares representing up to 10% of the issued share capital of the Company as at the date of the passing of the Repurchase Resolution;
- an ordinary resolution to grant to the Board a general mandate to exercise all powers of the Company to issue, allot and deal with Shares representing up to 20% of the issued share capital of the Company as at the date of the passing of such resolution;
- an ordinary resolution to extend the general mandate which will be granted to the Board to issue, allot and deal with additional Shares by adding to it the number of Shares repurchased under the Repurchase Proposal after the granting of the general mandate; and
- the adoption of the New Share Option Scheme.

Pursuant to Rule 13.39(4) of the Listing Rules and the Bye-laws, any vote of 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 poll vote results will be published by the Company after the AGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the resolutions to be proposed at the AGM and is required to abstain from voting on the resolutions to be proposed at the AGM.

6. RE-ELECTION OF RETIRING DIRECTORS

In accordance with Bye-law 99 of the Bye-laws, Mr. Yuen Kin, Mr. Chau Shing Yim, David and Mr. Hou Ziqiang will retire by rotation at the AGM. All the above-mentioned retiring Directors, being eligible, will offer themselves for re-election. Information of the retiring Directors proposed for re-election as required to be disclosed under the Listing Rules is set out in Appendix II to this circular.

LETTER FROM THE BOARD

7. ACTION TO BE TAKEN

A proxy form for use at the AGM is enclosed with this circular. Whether or not you are able to attend the AGM, you are requested to complete the proxy form and return it to the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the AGM or any adjourned meeting. Completion and return of the proxy form will not preclude you from attending and voting at the AGM or any adjourned meeting if you so wish.

8. RECOMMENDATION

The Board considers that all the proposed resolutions at the AGM are in the best interests of the Company and the Shareholders as a whole and, accordingly the Board is pleased to recommend all Shareholders to vote for all the resolutions, including the resolution relating (1) the re-election of the Directors; (2) the grant a general mandate to repurchase Shares; (3) the grant a general mandate to issue new Shares; (4) the extension of the general mandate to issue new Shares at the AGM; and (5) the proposed adoption of the New Share Option Scheme.

9. 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 issuer. 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.

Yours faithfully,
By Order of the Board
Ko Chun Shun, Johnson
Chairman

This appendix serves as an explanatory statement, as required by the Share Repurchase Rules, to provide requisite information to you for your consideration of the Repurchase Proposal.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 324,685,204 Shares.

Subject to the passing of the Repurchase Resolution and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under the Repurchase Resolution to repurchase a maximum of 32,468,520 Shares.

2. REASONS FOR REPURCHASE

The Board believes that the Repurchase Proposal is in the best interests of the Company and the Shareholders. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per Share and will only be made when the Board believes that such a repurchase will benefit the Company and the Shareholders.

3. FUNDING OF REPURCHASE

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association of the Company, the Bye-laws, the Listing Rules and the applicable laws of Bermuda. Bermuda law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of the capital paid up on the relevant shares, or the funds of the Company that would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose. The amount of premium payable on repurchase may only be paid out of either the funds of the Company that would otherwise be available for dividend or distribution or out of the share premium account of the Company.

There might be an adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited financial statements contained in the annual report of the Company for the year ended 31 December 2012 in the event that the Repurchase Proposal was to be exercised in full at any time during the proposed repurchase period. However, the Board does not propose to exercise the Repurchase Proposal to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Board is from time to time appropriate for the Company.

4. SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date are as follows:

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2012		
April	3.930	3.760
May	3.950	3.230
June	3.400	2.940
July	3.370	2.500
August	2.870	2.550
September	2.810	2.520
October	2.900	2.580
November	2.900	2.780
December	3.180	2.750
2013		
January	4.100	3.060
February	4.390	3.870
March	4.790	3.950
April, up to the Latest Practicable Date	5.390	4.470

5. GENERAL

The Board has undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Resolution and in accordance with the Listing Rules and the applicable laws of Bermuda.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company if the Repurchase Proposal is approved by the Shareholders.

No connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Proposal is approved by the Shareholders.

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Resolution, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, the shareholders who were interested in 5% or more of the issued share capital of the Company, according to the register of interests required to be kept by the Company under section 336 of the Securities and Futures Ordinance, were as follows:

Name of Shareholder	Number of shares beneficially held	Current percentage interest in the issued share capital of the Company	Percentage interest in the issued share capital of the Company in the event the Repurchase Proposal is exercised in full
Mr. Ko Chun Shun, Johnson	49,527,000	15.25%	16.95%
FMR LLC	19,000,000	5.85%	6.50%

In the event the Board exercises in full the power to repurchase Shares pursuant to the Repurchase Resolution, then (if the present shareholdings remain the same), the interests of the above shareholders would be increased to approximately the respective percentage shown in the last column above. The Board is not aware of any consequences which may arise under the Takeovers Code as a result of any repurchases made under the Repurchase Proposal. In the event the power to repurchase shares pursuant to the Repurchase Resolution is exercised in full, the number of Shares held by the public would not fall below 25%.

6. SHARE REPURCHASES MADE BY THE COMPANY

The Company had not repurchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

The followings are the particulars of the retiring Directors proposed to be re-elected at the AGM to be held on Monday, 3 June 2013:

1. Mr. Yuen Kin, aged 58, was appointed as an Independent Non-executive Director of the Company in March 2005 and re-designated as an Executive Director of the Company and appointed as the Chief Financial Officer of the Group in July 2009. Mr. Yuen was also a member of the Audit Committee of the Company until he became an Executive Director of the Company. Mr. Yuen holds a Master of Business Administration degree from the University of Toronto, Canada. He is a Chartered Accountant in Canada and a Fellow of the Hong Kong Institute of Certified Public Accountants, and of the Association of Chartered Certified Accountants. Mr. Yuen is also an Independent Non-executive Director of China Jiu hao Health Industry Corporation Limited (formerly known as Media China Corporation Limited) (Stock code: 419) which is listed on the Stock Exchange. Save as disclosed above, Mr. Yuen did not hold any directorship in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Yuen does not have any relationship with any other Director, senior management, substantial shareholder or controlling shareholder of the Company.

Mr. Yuen has a service contract with the Company and such service contract will continue unless and until terminated by either party serving not less than one month's notice in writing. For the year ended 31 December 2012, Mr. Yuen is entitled to an annual remuneration of HK\$2,080,000 with bonus of HK\$300,000 (subject to yearly adjustment as determined by the remuneration committee from time to time). The remuneration is payable on a monthly basis and a discretionary bonus and/or employee share options as determined by the remuneration committee with reference to the performance and profitability of the Group.

As at the Latest Practicable Date, other than Mr. Yuen has share options to subscribe for 800,000 Shares, he does not have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, there are no other matters concerning Mr. Yuen that need to be brought to the attention of the Shareholders. In addition, there is no information to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

2. Mr. Chau Shing Yim, David, aged 49, was appointed as an Independent Non-Executive Director of the Company in July 2009. He is a member of the Audit Committee of the Company. Mr. Chau has over 20 years experience in corporate finance, working on projects ranging from initial public offering transactions and restructuring of The People's Republic of China enterprises to cross-border and domestic takeover transactions. Mr. Chau was formerly a partner of one the big four accounting firms in Hong Kong, holding the position as their Head of Merger and Acquisition and Corporate Advisory. He is a member of the Hong Kong Securities Institute, the Institute of Chartered Accountants of England and Wales ("ICAEW"), and was granted the Corporate Finance Qualification of ICAEW, and the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and was an ex-committee member of the Disciplinary Panel of HKICPA. Mr. Chau is an executive director of Zhidao International (Holdings) Limited ("Zhidao") (formerly known as Ocean Grand Holdings Limited) (Stock code: 1220). He is also a non-executive director of Up Energy Development Group Limited (Stock code: 307). He is also an independent non-executive director of Lee & Man Paper Manufacturing Limited (Stock code: 2314), Shandong Molong Petroleum Machinery Company Limited (Stock code: 568), Man Wah Holdings Limited (Stock code: 1999) and Evergrande Real Estate Group Limited (Stock code: 3333). All the aforesaid companies are listed on the Stock Exchange. He resigned as an independent non-executive director of Duoyuan Global Water Inc., which is listed on the New York Stock Exchange in April 2012. Save as disclosed above, Mr. Chau did not hold any directorship in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Chau and Mr. Tsoi Tong Hoo, Tony, Directors of the Company, are directors of Zhidao. Save as disclosed above, Mr. Chau does not have any relationship with any other Director, senior management, substantial shareholder or controlling shareholder of the Company.

There is no service contract between the Company and Mr. Chau. Mr. Chau is not appointed for a specific term but will be subject to the requirements of the Bye-laws relating to the rotation and re-election of Directors and he will be entitled to a director's fee which will be determined by the remuneration committee, with reference to his duties, responsibilities and the prevailing market practice and his contribution in the Company, under the authority granted by Shareholders at the annual general meeting of the Company. For the year ended 31 December 2012, Mr. Chau received a director's fee of HK\$200,000.

As at the Latest Practicable Date, other than Mr. Chau has share options to subscribe for 400,000 Shares, he does not have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, there are no other matters concerning Mr. Chau that need to be brought to the attention of the Shareholders. In addition, there is no information to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

3. Mr. Hou Ziqiang, aged 75, was appointed as an Independent Non-executive Director of the Company in March 2005. He is a member of the Remuneration Committee, the Audit Committee and the Nomination Committee of the Company. Mr. Hou graduated from Peking University in 1958 with a Bachelor's degree in Physics. From 1993 to 1997, Mr. Hou was a Director of the Institute of Acoustics of the Chinese Academy of Sciences. From 1988 to 1993, Mr. Hou was a Secretary General of the Chinese Academy of Sciences. Save as disclosed above, Mr. Hou did not hold any directorship in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Hou does not have any relationship with any other Director, senior management, substantial shareholder or controlling shareholder of the Company.

There is no service contract between the Company and Mr. Hou. He has been appointed for a fixed term expiring on 31 December 2013, subject to the requirements of the Bye-laws relating to the rotation and re-election of Directors and he will be entitled to a director's fee which will be determined by the remuneration committee, with reference to his duties, responsibilities and the prevailing market practice and his contribution in the Company, under the authority granted by Shareholders at the annual general meeting of the Company. For the year ended 31 December 2012, Mr. Hou received a director's fee of HK\$200,000.

As at the Latest Practicable Date, other than Mr. Hou has share options to subscribe for 400,000 Shares, he does not have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, there are no other matters concerning Mr. Hou that need to be brought to the attention of the Shareholders. In addition, there is no information to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

The following is a summary of the principal terms of the New Share Option Scheme proposed to be approved at the AGM:

1. PURPOSE

The purpose of the New Share Option Scheme is to provide the Company with a flexible and effective means of incentivising, rewarding, remunerating, compensating and/or providing benefits to Eligible Participants.

2. WHO MAY JOIN

To determine the eligibility of the Eligible Participant, the Board may offer to grant an Option to any Eligible Participant who has made a contribution to the Group to subscribe for such number of Shares at the option price calculated according to paragraph 5 below, subject always to any limits and restrictions specified in the New Share Option Scheme.

3. PAYMENT ON ACCEPTANCE OF OPTION OFFER

An Eligible Participant shall pay the Company HK\$1.00 for the grant of an Option on acceptance of an Option offer within 28 days after the Offer Date.

4. TERMS OF OPTIONS

Options granted under the New Share Option Scheme are subject to such terms and conditions as may be determined by the Board at its absolute discretion and specified in the offer of an Option, which terms and conditions may include:

- (a) vesting conditions which must be satisfied before an Option Holder's Option shall become vested and capable of being exercised; and
- (b) the Board may, in its absolute discretion, specify performance conditions that must be achieved before an Option can be exercised and/or the minimum period for which an Option must be held before it can be exercised.

These provisions will give the Board flexibility to impose conditions suitable for fulfilling the various purposes of the New Share Option Scheme. Apart from this general discretion of the Board, the New Share Option Scheme does not contain specific provisions on the minimum period during which an Option must be held before exercise or on performance targets applicable to Options.

Under the New Share Option Scheme, the Directors have discretion to set a minimum period for which an option has to be held before the exercise of the subscription rights attaching thereto. This discretion allows the Directors to provide an incentive to Eligible Participants to remain as Eligible Participants and thereby enable the Group to continue to benefit from the services and contributions of the Eligible Participants. This discretion, coupled with the power of the Directors to impose any performance target or other restrictions as they consider appropriate before the Option can be exercised, enable the Group to provide incentives to the Eligible Participants to use their best endeavours in assisting the growth and development of the Group. Although the New Share Option Scheme does not provide for the granting of Options with rights to subscribe for Shares at a discount to the traded prices of the Shares on the Stock Exchange, the Directors are of the view that the flexibility given to the Directors in granting Options to Eligible Participants and to impose a minimum period for which the Options can be exercised, will place the Group in a better position to attract human resources that are valuable to the growth and development of the Group as a whole.

5. OPTION PRICE

The option price will be determined by the Board at its absolute discretion and notified to an Option Holder. The minimum option price 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;
- (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the Offer Date; and
- (c) the nominal value of the Shares.

6. MAXIMUM NUMBER OF SHARES SUBJECT TO THE NEW SHARE OPTION SCHEME

- 6.1 Subject to the limits referred to in paragraphs 6.2, 6.3 and 6.4, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any options to be granted under any Other Scheme must not in aggregate exceed 10% of the aggregate of the Shares in issue as at the Adoption Date.
- 6.2 Options lapsed in accordance with the terms of the New Share Option Scheme and any Other Scheme will not be counted for the purpose of calculating the 10% limit in this paragraph 6.1.

- 6.3 With the approval of the Shareholders in general meeting, the Board may “refresh” the 10% limit under paragraph 6.1 (and may further refresh such limit in accordance with this paragraph) provided that the total number of Shares which may be issued upon the exercise of all Options to be granted under the New Share Option Scheme and any Other Scheme under the limit as “refreshed” shall not exceed 10% of the Shares in issue as at the date on which the Shareholders approve the “refreshed” limit. Options previously granted under the New Share Option Scheme and Option granted under any Other Schemes (including those outstanding, cancelled and lapsed in accordance with the terms of the relevant scheme, or exercised options) will not be counted for the purpose of calculating the limit as “refreshed”.
- 6.4 Subject to the limits referred to in paragraphs 6.4, 7 and 23 below, the Board may, with the approval of the Shareholders, grant Options in excess of the 10% limit to Eligible Participants specifically identified before Shareholders’ approval is sought. In such situation, the Company will send a circular to the Shareholders containing a generic description of the specified Eligible Participants who may be granted such Options, the number and terms of such Options to be granted and the purpose of granting such Options to the specified Eligible Participants with an explanation of how the terms of the Options will serve the purpose.
- 6.5 The total number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and all outstanding options granted and yet to be exercised under any Other Scheme shall not exceed 30% of the Shares in issue from time to time. No Options may be granted under the New Share Option Scheme and no options may be granted under any Other Schemes if this will result in the limit being exceeded.

7. MAXIMUM ENTITLEMENT OF EACH ELIGIBLE PARTICIPANT

Subject always to the limits referred to in paragraphs 6 above and 23 below, the Board shall not grant any Options to any Eligible Participant which, if exercised, would result in such Eligible Participant becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued or to be issued to him under all Options granted to him (including those Options exercised or outstanding) in any 12-month period exceed 1% of the Shares in issue at such date.

The Board may grant Options to any Eligible Participant in excess of the individual limit of 1% in any 12-month period with the approval of the Shareholders in general meeting (with such Eligible Participant and his associates abstaining from voting). In such situation, the Company will send a circular to the Shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the Options to be granted (and previously granted to such Eligible Participant).

8. TIME OF EXERCISE OF OPTIONS

Subject to the provisions in paragraphs 10 to 15 below, an Option under the New Share Option Scheme which is vested and has not lapsed may be exercised at any time during such period notified by the Board as not exceeding 10 years from the Offer Date. The exercise of Options may also be subject to any conditions imposed by the Board at the time of offer (see paragraph 4 above).

9. NON-TRANSFERABILITY OF OPTIONS

Except for the transmission of an Option on the death of an Option Holder to his personal representatives, neither the Option nor any rights in respect of it may be transferred, assigned or otherwise disposed of by any Option Holder to any other person. If an Option Holder transfers, assigns or disposes of any such Option or rights, whether voluntarily or involuntarily, then the relevant Option will immediately lapse.

10. RIGHTS ON CEASING EMPLOYMENT

If an Option Holder ceases to be an Eligible Participant as a result of the cessation of his employment/directorship for any reason other than his death or the termination of his employment/directorship on certain grounds specified in the New Share Option Scheme, the Option (to the extent not already exercised) shall lapse on the date of cessation or termination and shall not be exercisable unless the Board otherwise determines in which event the Grantee may exercise the vested portion of the Option (to the extent not already exercised) in whole or in part.

11. RIGHTS ON DEATH

If an Option Holder ceases to be an Eligible Participant by reason of his death and none of the events which would be a ground for termination of his employment/directorship specified in the New Share Option Scheme above has occurred, the legal personal representative(s) of the Option Holder may exercise any vested portion of the Option within a period of 12 months from the date of his death or such other period as the Board may determine. The Board shall have the discretion to decide whether any unvested portion of the Option can be exercised by the legal personal representative(s) of such Option Holder and the time period for exercise. All Options not exercised shall lapse upon the expiry of the 12-month period or such other period as the Board may determine.

12. RIGHTS ON A GENERAL OFFER

If more than 50% of the votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror, any company controlled by the offeror or any person associated with or acting in concert with the offeror, the Board will notify every Option Holder of such event within 14 days of becoming so aware (or as soon as practicable). Each Option Holder will be entitled to exercise his vested portion of the Options during the 6-month period starting on the later of:

- (a) the date of the Board's notification to the Option Holders; and
- (b) the date on which the person making the offer obtains control of the Company.

The Options will only lapse on expiry of this 6-month period if the Board gives notice to the Option Holder before the end of the period specifying that the Options will lapse.

13. RIGHTS ON WINDING UP

In the event that a notice is given by the Company to its Shareholders to convene a Shareholders' meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall forthwith give notice thereof to each Eligible Participant and thereupon, every Eligible Participant shall be entitled to exercise his/her Option (if not already exercised) to its full extent or to the extent specified (such exercise to occur not later than two Business Days prior to the proposed Shareholders' meeting referred to above) by notice in writing to the Company, stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised, accompanied by a remittance for the full amount of the subscription price for the Shares in respect of which the notice is given, and the Company shall, as soon as possible and, in any event, no later than the day immediately prior to the date of the proposed Shareholders' meeting, allot such number of Shares to the Eligible Participant which fall to be issued pursuant to the exercise of the Option. The Company shall give notice to the Eligible Participant of the passing of such resolution within 7 days after the passing thereof.

14. REORGANISATION OF CAPITAL STRUCTURE

In the event of a capitalisation of profits or reserves, further rights issues of Shares, consolidation or subdivision of Shares, or reduction of the share capital of the Company in accordance with applicable laws and regulatory requirements (other than an issue of any share capital as consideration in respect of a transaction), such corresponding adjustments (if any) shall be made to:

- (a) the number of Shares, the subject matter of the Option (insofar as it is unexercised); and/or
- (b) the price at which the Options are exercisable.

Any such adjustment shall be made on the basis that:

- (a) the proportion of the issued share capital of the Company to which an Option Holder is entitled after such adjustment shall remain the same as that to which he was entitled before such adjustment;
- (b) it will not enable any Share to be issued at less than its nominal value, or to increase the proportion of the issued share capital of the Company for which any Option Holder would have been entitled to subscribe had he exercised all the Options held by him immediately prior to such adjustments; and
- (c) the auditor or independent financial adviser selected by the Board (as appropriate) must confirm to the Board in writing that the adjustment satisfies the requirements of the note to Rule 17.03 (13) of the Listing Rules, except where such adjustment is made on a capitalisation issue.

15. LAPSE OF OPTIONS

An Option will lapse on the earliest of:

- (a) the expiry of the Option Period; or
- (b) the expiry of any of the other periods referred to in paragraphs 10, 11, 12 and 13 above; or
- (c) the expiry of 3 months following a court order sanctioning a compromise or arrangement in relation to the reconstruction of the Company or its amalgamation with another company or companies.

16. RANKING OF SHARES

No dividends will be payable and no voting rights will be exercisable in relation to an Option that has not been exercised (including those arising on a liquidation of the Company). Shares issued on the exercise of an Option will rank equally in all respects with the Shares in issue on the date of allotment.

They will not rank for any rights (which include, among other things, voting rights and dividend rights) attaching to Shares by reference to a date preceding the date of allotment. The Shares subject to the New Share Option Scheme are not required to be separately designated.

17. CANCELLATION OF OPTIONS

Notwithstanding any other provision in the New Share Option Scheme (except for the provisions in paragraph 18 below), the Board may cancel any Option (which has been granted but not yet exercised). Unless the Option Holder otherwise agrees, the Board may only cancel such Option if, at the election of the Board:

- (A) the Company pays to the Option Holder an amount equal to the fair market value of the Option at the date of cancellation as determined by the Board, after consultation with the auditor or an independent financial adviser appointed by the Board; or
- (B) the Board offers to grant to the Option Holder replacement Options (or options under any Other Scheme) of equivalent value to the Options to be cancelled, provided that the grant of such replacement Options (or options under any Other Scheme) shall not cause the limits set out in paragraphs 6, 7 above and 23 below to be breached; or
- (C) the Board makes such arrangements as the Option Holder may agree to compensate him for the loss of the Option.

Where the Company cancels any Options and issues new Options to the same Option Holder, the issue of such new Options may only be made under the New Share Option Scheme with available unissued Options (excluding the cancelled Options) within the scheme mandate limit as approved by Shareholders in a general meeting of the Company.

18. AMENDMENTS TO THE NEW SHARE OPTION SCHEME AND TERMS OF OPTIONS

Subject to the provisions of this paragraph 18, the Board may amend any of the provisions of the New Share Option Scheme and the terms of any Options (including amendments in order to comply with changes in legal or regulatory requirements) at any time (but not so as to affect adversely any rights which have accrued to any Option Holders at that date) and provided that amendments which are to the advantage of present or future Option Holders and which relate to matters contained in Rule 17.03 of the Listing Rules are sanctioned by the Shareholders in a general meeting.

Any amendment to the New Share Option Scheme which is of a material nature or any amendment to the terms and conditions of the Options granted may only be made with the approval of the Shareholders save where the amendments take effect automatically under the New Share Option Scheme. The amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.

Any change to the authority of the Board in relation to any amendment of the terms of the New Share Option Scheme may only be made with the approval of the Shareholders in a general meeting.

19. TERMINATION OF THE NEW SHARE OPTION SCHEME

The Company, by ordinary resolution in general meeting, or the Board may terminate the New Share Option Scheme at any time and in such event no further Options shall be granted under the New Share Option Scheme but any Options which have been granted but not yet exercised shall continue to be valid and exercisable in accordance with the terms of the New Share Option Scheme.

20. PERIOD OF THE NEW SHARE OPTION SCHEME

Subject to the Board exercising its right under the terms of the New Share Option Scheme to terminate the New Share Option Scheme, the New Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further Options will be granted. The provisions of the New Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior to the expiry of the 10-year period and which are at that time or become thereafter capable of exercise under the New Share Option Scheme, or otherwise to the extent as may be required in accordance with the provisions of the New Share Option Scheme.

21. CONDITIONS

The New Share Option Scheme will be conditional on:

- (a) the passing of an ordinary resolution to adopt the New Share Option Scheme by the Shareholders; and
- (b) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in any Shares which may fall to be issued pursuant to the exercise of the Options in accordance with the terms of the New Share Option Scheme.

22. RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS

A grant of Options may not be made after inside information has come to the knowledge of the Company until such inside information has been announced in accordance with the relevant requirements of the Listing Rules. In particular, no Option may be granted during the period commencing one month immediately preceding the earlier of:

- (a) the date of the Board meeting for the approval of the Company's interim or annual results; and
- (b) the deadline for the Company to publish its interim or annual results announcement, and ending on the date of the results announcement.

The period during which no Option may be granted will cover any period of delay in the publication of a results announcement.

23. RESTRICTIONS ON GRANT OF OPTIONS TO DIRECTORS, CHIEF EXECUTIVES OR SUBSTANTIAL SHAREHOLDERS ETC.

Each grant of Options to an Eligible Participant who is a Director, chief executive or substantial Shareholder of the Company, or any of their respective associates, under the New Share Option Scheme must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the Options).

Where any grant of Options to a substantial Shareholder or an independent non-executive Director or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted under the New Share Option Scheme (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the Shares in issue; and
- (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, such further grant of Options by the Board must be approved by the Shareholders in general meeting (the vote on such approval to be taken on a poll). Any Shareholder who is a connected person (as defined under the Listing Rules) of the Company must abstain from voting in favour of the resolution to approve such further grant of Options.

A Shareholders' circular must be prepared by the Company explaining the proposed grant, disclosing the number and terms of the Options to be granted and containing the recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Option) as to voting and any other information as required under the Listing Rules.

Any change in the terms of Options granted to substantial Shareholders or independent non-executive Directors or any of their respective associates must be approved by the Shareholders in general meeting.

24. ADMINISTRATION

The Board will have responsibility for administering the New Share Option Scheme. There are no trustees appointed for the purposes of the New Share Option Scheme.

NOTICE OF AGM



VARITRONIX

VARITRONIX INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 710)

NOTICE IS HEREBY GIVEN that the annual general meeting of Varitronix International Limited (the “Company”) will be held at Units A – F, 35/F., Legend Tower, No. 7 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong on Monday, 3 June 2013 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited financial statements of the Company and its subsidiaries and the reports of the directors and the independent auditors for the year ended 31 December 2012.
2. To declare a final dividend for the year ended 31 December 2012.
3. To re-elect directors and to authorise the remuneration committee to fix their remuneration.
4. To re-appoint auditors and to authorise the board of directors to fix their remuneration.

As special business, to consider and, if thought fit, to pass the following resolutions as an ordinary resolution of the Company:

ORDINARY RESOLUTIONS

5. **“THAT:**
 - (a) subject to paragraph (b) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$0.25 each in the capital of the Company (the “Shares”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the Shares may be listed and is recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

NOTICE OF AGM

- (b) the aggregate nominal amount of Shares which the Company is authorised to repurchase pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and
 - (c) for the purposes of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the Bye-laws of the Company to be held; and
 - (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting of the Company.”
6. **“THAT:**
- (a) subject to paragraph (c) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional Shares and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into Shares) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) of this resolution shall authorise the directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into Shares) which would or might require the exercise of such power after the end of the Relevant Period;
 - (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval in paragraph (a) of this resolution, otherwise than (i) a Rights Issue (as hereinafter defined); (ii) an issue of Shares as scrip dividends pursuant to the bye-laws of the Company from time to time; (iii) an issue of Shares under any option scheme or similar arrangement for the time being adopted for the grant or issue of Shares or rights to acquire Shares; or (iv) an issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into Shares, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and

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- (d) for the purpose of this resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the Bye-laws of the Company to be held; and
 - (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting of the Company.

“Rights Issue” means an offer of Shares open for a period fixed by the directors of the Company to the holders of Shares on the register on a fixed record date in proportion to their then holdings of such Shares as at that date (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).”

7. **“THAT** subject to the passing of the resolutions set out in items 5 and 6 of the notice convening this meeting, the general mandate granted to the directors of the Company to allot, issue and deal with additional Shares pursuant to the resolution set out in item 6 of the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of Shares repurchased by the Company under the authority granted pursuant to the resolution set out in item 5 of the notice convening this meeting (the “Repurchase Resolution”) provided that such amount of Shares so repurchased shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of the Repurchase Resolution.”
8. To consider and, if thought fit, to pass with or without modification the following as ordinary resolution:

“THAT:

- (a) conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Shares falling to be issued pursuant to the share option scheme (the “New Share Option Scheme”), the terms of which are set out in the document marked “A” which has been produced to this meeting and signed by the chairman of this meeting for the purpose of identification, the rules of the New Share Option Scheme be and are hereby approved and adopted and the directors of the Company be and are hereby authorised to grant options and to allot, issue and deal with Shares pursuant to the exercise of any option granted thereunder and to take all such steps as they may consider necessary or expedient to implement the New Share Option Scheme; and

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- (b) the aggregate nominal amount of share capital to be allotted and issued pursuant to resolution numbered 8(a) above, together with any issue of Shares upon the exercise of any options granted under any other share option schemes of the Company as may from time to time adopted by the Company, shall not exceed 10 per cent. of the Shares in issue as at the date of passing of this resolution.”

By Order of the Board
Ho Te Hwai, Cecil
Secretary

Hong Kong, 26 April 2013

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. To be valid, a proxy form, 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 to the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited (“Computershare”), at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the appointed time for holding the meeting or any adjourned meeting.
3. The register of members of the Company will be closed from Monday, 27 May 2013 to Monday, 3 June 2013 (both days inclusive), during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the forthcoming AGM (the “2013 AGM”), all transfers of shares accompanied by the relevant share certificates must be lodged with Computershare, of Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Friday, 24 May 2013.

Subject to the shareholders approving the recommended final dividend at the 2013 AGM of the Company, such dividend will be payable on or around Tuesday, 9 July 2013 to shareholders whose names appear on the register of members of the Company on Monday, 10 June 2013. To determine eligibility for the final dividend, the register of members of the Company will be closed from Friday, 7 June 2013 to Monday, 10 June 2013 (both days inclusive), during which period no shares can be registered. In order to qualify for the aforementioned final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with Computershare, of Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Thursday, 6 June 2013.