

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

TONIC

TONIC INDUSTRIES HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 978)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Tonic Industries Holdings Limited (the “**Company**”) will be held at Room 607, The Boys’ & Girls’ Clubs Association of Hong Kong, 3 Lockhart Road, Wanchai, Hong Kong on 26 July 2010 at 10:30 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:

SPECIAL RESOLUTION

Capital Reorganisation

1. “**THAT**, subject to the passing of resolutions no. 2 and 3 set out in the notice convening this meeting and the Listing Committee of The Stock Exchange of Hong Kong Limited approving the listing of, and granting the permission to deal in, the new shares of the Company with a par value of HK\$0.01 each in issue arising from and pursuant to this resolution and the payment by the Subscriber of the subscription price for the Subscription Shares as referred to in resolution no.3 set out in the notice convening this meeting,
 - (a) the par value of each issued share of the Company be reduced from HK\$0.10 to HK\$0.001 by the cancellation of HK\$0.099 of the paid-up capital on each issued share of the Company (the “**Capital Reduction**”);
 - (b) each authorised but unissued share with a par value of HK\$0.10 in the share capital of the Company be sub-divided into 100 shares with a par value of HK\$0.001 each;
 - (c) every ten issued and unissued shares with a par value of HK\$0.001 each in the share capital of the Company be consolidated into one share with a par value of HK\$0.01 each;

- (d) any one or more of the directors of the Company be and is/are hereby authorised to do all such acts and things and execute all such documents or make such arrangement as he/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the foregoing.”

ORDINARY RESOLUTIONS

Group Reorganisation

- 2. “**THAT**, subject to the passing of resolution no.3 set out in the notice convening this meeting,
 - (a) transfer of all the equity interests in the Scheme Subsidiaries (as defined in paragraph (f) of this resolution) by the Company or its subsidiaries (as the case may be) to a company wholly-owned by the Administrators (as defined in paragraph (f) of this resolution), and execution by the Company and other relevant subsidiaries of the Company of all necessary transfer documentation as may be reasonably requested by the Administrators to effect such transfer, be and are hereby approved;
 - (b) assignment of all and any indebtedness, actual or contingent, owing to the Scheme Subsidiaries (as defined in paragraph (f) of this resolution) by any of the Retained Subsidiaries to the Company, and execution by the Company and other relevant subsidiaries of the Company of all necessary documentation to effect such assignment, be and are hereby approved;
 - (c) assignment of all and any indebtedness, actual or contingent, owing to the Company and the Retained Subsidiaries (as defined in paragraph (f) of this resolution) by any of the Scheme Subsidiaries to a company wholly-owned by the Administrators (as defined in paragraph (f) of this resolution), and execution by the Company and other relevant subsidiaries of the Company of all necessary documentation to effect such assignment, be and are hereby approved;
 - (d) any one or more of the directors of the Company be and is/are hereby authorised to do all such acts and things and execute all such documents or make such arrangement as he/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the foregoing; and

- (e) for the purpose of this resolution:

“**Administrators**” means the administrators appointed pursuant to the scheme of arrangement of the Company to be approved by the High Court of Hong Kong pursuant to Section 166 of the Companies Ordinance (Cap 32) of the Laws of Hong Kong, and to be approved by the Grand Court of the Cayman Islands pursuant to Section 86 of the Companies Law (2009 Revision) of the Cayman Islands;

“**Retained Subsidiaries**” means Tonic Electronic (B.V.I.) Limited, Tonic Marketing Limited, Dongguan Xin Lian Digital Technology Co., Ltd. (東莞鑫聯數碼科技有限公司), Grand Golden Profit Limited (創金利有限公司), 東莞悅金數碼科有限公司 (Dongguan Yuejin Digital Technology Company Limited), Tonic DVB Marketing Limited, Champion Apex Limited (華先有限公司) and Guan Hua Gang Trading (Shenzhen) Co. Ltd. (冠華港貿易(深圳)有限公司); and

“**Scheme Subsidiaries**” means the subsidiaries of the Company other than the Retained Subsidiaries.”

Subscription Agreement

3. “**THAT,**

- (a) the entering into of and the terms and conditions of the following agreements be and are hereby approved, ratified and confirmed:
- (i) the subscription agreement dated 15 January 2010 (as amended by the supplemental subscription agreement dated 24 June 2010) entered into among the Company (as issuer), Skill China Limited (the “**Subscriber**”) (as subscriber) and Dr. So Shu Fai (as guarantor) in relation to the subscription of 909,785,366 new shares of the Company with a par value of HK\$0.01 each (the “**Subscription Shares**”) by the Subscriber (the “**Subscription Agreement**”), a copy of which marked “A” has been produced to the EGM and signed by the chairman of the EGM for the purpose of identification;
 - (ii) the escrow agreement dated 15 January 2010 entered into among the escrow agent, the Company and the Subscriber in relation to the escrow of the earnest money paid by the Subscriber (the “**Escrow Agreement**”), a copy of which marked “B” has been produced to the EGM and signed by the chairman of the EGM for the purpose of identification; and
 - (iii) the supplemental deed in relation to the Escrow Agreement dated 26 February 2010 entered into among the escrow agent, the Company and the Subscriber in relation to the amendments to the Escrow Agreement, a copy of which marked “C” has been produced to the EGM and signed by the chairman of the EGM for the purpose of identification;

- (iv) the loan agreement dated 15 January 2010 (as amended by the supplemental loan agreement dated 24 June 2010) entered into between Grand Golden Profit Limited (as borrower) and the Subscriber (as lender) in relation to the advance of a loan facility in the principal amount of HK\$40,000,000 made available to the Company and its subsidiaries before the completion of the Group Reorganisation, a copy of which is marked “D” has been produced to the EGM and signed by the chairman of the EGM for the purpose of identification;
 - (v) the deed of debenture creating fixed and floating charges over the assets of Grand Golden Profit Limited, executed by Grand Golden Profit Limited in favour of the Subscriber on 15 January 2010, a copy of which is marked “E” has been produced to the EGM and signed by the chairman of the EGM for the purpose of identification;
 - (vi) the charge over shares dated 15 January 2010 executed by the Company as chargor in favour of the Subscriber as chargee in relation to the charge over 100% of the shareholdings in Grand Golden Profit Limited, a copy of which marked is “F” has been produced to the EGM and signed by the chairman of the EGM for the purpose of identification;
- (b) all the transactions contemplated under the agreements referred to in paragraph (a) of this resolution including but not limited to the issue and allotment of the Subscription Shares by the Company to the Subscriber be and are hereby approved, confirmed and ratified; and
 - (c) any one or more of the directors of the Company be and is/are hereby authorised to do all such acts and things and execute all such documents or make such arrangement as he/they consider necessary, desirable or expedient for the purpose of, or in connection with, giving effect to the agreements referred to in paragraph (a) of this resolution and the transactions contemplated therein.”

Whitewash Waiver

- 4. “**THAT**, subject to the granting of the Whitewash Waiver (as defined below) by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong (or any delegate of the Executive Director) and any conditions that may be imposed thereon, the waiver of the obligation on the part of the Subscriber and parties acting in concert with it to make a mandatory general offer to shareholders of the Company for all the issued shares of the Company not already owned or agreed to be acquired by them which might otherwise arise as a result of the Subscriber subscribing for the Subscription Shares under the Subscription Agreement pursuant to Note 1 on Dispensations from Rule 26 of the Hong Kong Code on Takeovers and Mergers (the “**Whitewash Waiver**”) be and is hereby approved, and that any one or more of the directors of the Company be and is/are hereby authorised to do all such acts and things and execute all such documents as he/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to any of the matters relating to, or incidental to, the Whitewash Waiver.”

Issue of the Tranche 2 Remuneration Shares and the DTCFL's Remuneration Shares

5. "THAT,

- (a) the issue of up to 0.50% of the share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the Remuneration Shares to Somerley Limited for the settlement of part of the professional fees charged by Somerley Limited ("**Tranche 2 Remuneration Shares**"), be and is hereby approved;
- (b) the issue of up to 2.48% of the share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the Remuneration Shares for the settlement of the professional fees charged by Deloitte & Touche Corporate Finance Limited ("**DTCFL's Remuneration Shares**"), be and is hereby approved;
- (c) the Board be and is hereby granted the Specific Mandate with full authority to allot, issue and deal in the Remuneration Shares (or any parts thereof) in the share capital of the Company, subject to the following terms:
 - (1) Number of Remuneration Shares to be issued under the Specific Mandate: the aggregate number of Remuneration Shares to be issued and allotted shall not be more than 31,736,699 (representing 5,289,450 Tranche 2 Remuneration Shares and 26,447,249 DTCFL's Remuneration Shares);
 - (2) Pricing: the Tranche 2 Remuneration Shares and DTCFL's Remuneration Shares will be issued at a price of approximately HK\$0.0879 per Remuneration Share;
 - (3) Ranking of the Tranche 2 Remuneration Shares and DTCFL's Remuneration Shares issued under the Specific Mandate: should the Board, upon obtaining the Specific Mandate, proceed to exercise the proposed Specific Mandate to issue the Tranche 2 Remuneration Shares and DTCFL's Remuneration Shares, the Company will apply to the Hong Kong Stock Exchange and other relevant authorities in relation to the exercise of the Specific Mandate and for the listing of and permission to deal in all the Tranche 2 Remuneration Shares and DTCFL's Remuneration Shares to be issued on the Hong Kong Stock Exchange. The Tranche 2 Remuneration Shares and DTCFL's Remuneration Shares will be fully paid and will rank pari passu in all respects with the ordinary shares of the Company in issue at the time of issue and allotment of the Remuneration Shares;
 - (4) Authorisation to the Board: the Board and the Directors be authorised to take any action and execute any document as it thinks necessary and fit to effect and implement the allotment, issuance and dealing in the Tranche 2 Remuneration Shares and DTCFL's Remuneration Shares under the Specific Mandate, including but not limited to: (i) handling the matters arising from the application for an approval of the Hong Kong Stock Exchange for the listing of, and permission to deal in the Tranche 2 Remuneration Shares and DTCFL's Remuneration Shares on the Hong Kong Stock Exchange; (ii) increasing the registered capital of the Company; (iii) dealing with relevant

registration and filing procedures with the relevant authorities and registries as necessary; and (iv) to the extent allowed by the applicable laws and regulations, to do such other acts, take such steps which in their opinion, may be necessary, desirable or expedient in relation to the exercise of, and to give effect to, the Specific Mandate.

(d) for the purpose of this resolution:

“**Remuneration Shares**” mean any ordinary shares of the Company issued to Somerley Limited or Deloitte & Touche Corporate Finance Limited as settlement of part or all of their professional fees (including Tranche 1 Remuneration Shares, Tranche 2 Remuneration Shares and the DTCFL’s Remuneration Shares); and

“**Tranche 1 Remuneration Shares**” mean the 21,157,799 ordinary shares of the Company, representing 1.98% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares and the Remuneration Shares, to be issued to Somerley Limited as settlement of part of their professional fees.”

By order of the Board

LING Siu Man

Chairman and Managing Director

Hong Kong 28 June 2010

Principal place of business in Hong Kong:

Unit B, 10/F Summit Building

30 Man Yue Street

Hunghom

Kowloon, Hong Kong

Notes:

- (1) A form of proxy for use at the EGM is enclosed herewith.
- (2) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
- (3) In the case of joint holders of a share if more than one of such joint holders be present at any meeting the one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
- (4) The instrument appointing a proxy and (if required by the board of directors of the Company) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than forty-eight (48) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (5) Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (who must be an individual) as his proxy to attend and vote instead of him. A member may appoint any number of proxies to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member. The instrument appointing a proxy to vote at a general meeting shall be deemed to confer authority to demand or join in demanding a poll and to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fits.
- (6) The Chinese translation of this notice (including the contents of the proposed resolutions set out herein) is for reference only. In case of inconsistency, the English version shall prevail.

As at the date of this announcement, the Board comprises Mr. Ling Siu Man, Simon, Mr. Wong Ki Cheung and Ms. Li Fung Ching, Catherine as Executive Directors and Mr. Pang Hon Chung, Mr. Cheng Tsang Wai and Dr. Chung Hing Wah, Paul as Independent Non-executive Directors.