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

If you have sold or transferred all your securities in Tonic Industries Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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## **TONIC INDUSTRIES HOLDINGS LIMITED**

**東力實業控股有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

*Website: <http://www.tonic.com.hk>*

**(Stock Code: 978)**

### **PROPOSED GRANTING OF GENERAL MANDATE TO ISSUE NEW SHARES OF THE COMPANY AND PROPOSED RE-ELECTION OF RETIRING DIRECTORS OF THE COMPANY AND PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME**

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A notice convening an annual general meeting of Tonic Industries Holdings Limited to be held at Golden Dynasty Court, Macau Jockey Club, Hong Kong Club House, 3/F, Shun Tak Centre, Connaught Road Central, Hong Kong on Tuesday, 27 September 2011 at 11:30 a.m. is set out on pages AGM-1 to AGM-3 of this circular. A form of proxy for use at the annual general meeting is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company ([www.tonic.com.hk](http://www.tonic.com.hk)).

Whether or not you are able to attend the annual general meeting, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Share Registrar in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting if they so wish.

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## DEFINITIONS

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

“Annual General Meeting”	an annual general meeting of the Company to be held at Golden Dynasty Court, Macau Jockey Club, Hong Kong Club House, 3/F, Shun Tak Centre, Connaught Road Central, Hong Kong on Tuesday, 27 September 2011 at 11:30 a.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages AGM-1 to AGM-3 of this circular, or any adjournment thereof;
“Articles of Association”	the existing Articles of Association adopted by the Company on 18 September 1997 with the latest amendments approved by the Shareholders in the Company’s annual general meeting held on 26 July 2010;
“Board”	the board of Directors;
“Company”	Tonic Industries Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the main board of the Stock Exchange;
“Director(s)”	the director(s) of the Company;
“Group”	The Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“New Issue Mandate”	as defined in paragraph 2 of the Letter from the Board;
“Latest Practicable Date”	19 July 2011, 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;
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;

## DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

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*Executive Directors:*

SO Shu Fai (*Chairman*)

MAK Bing Kau

NG Wai Hung

LAU Cheuk Lun

*Independent Non-Executive Directors:*

PANG Hon Chung

CHENG Tsang Wai

CHUNG Hing Wah, Paul

*Registered office:*

P.O. Box 309GT

Ugland House

South Church Street

George Town

Grand Cayman

Cayman Islands

British West Indies

*Principal place of business:*

13/F, Guangdong Investment Tower

148 Connaught Road, C.,

Hong Kong

26 July 2011

*To the Shareholders*

Dear Sir/Madam,

**PROPOSED GRANTING OF GENERAL MANDATE  
TO ISSUE NEW SHARES OF THE COMPANY  
AND  
PROPOSED RE-ELECTION OF RETIRING DIRECTORS  
OF THE COMPANY  
AND  
PROPOSED ADOPTION OF 2011 SHARE OPTION SCHEME**

**1. INTRODUCTION**

The purpose of this circular is to provide the Shareholders with information in respect of the resolutions to be proposed at the Annual General Meeting for (i) the granting of the New Issue Mandate to the Directors; (ii) the re-election of the retiring Directors; and (iii) the adoption of a new Share Option Scheme of the Company.

**2. PROPOSED NEW ISSUE MANDATE**

At the annual general meeting of the Company held on 28 September 2010, general mandates were given to the Directors to exercise the powers of the Company to repurchase shares and to issue new shares of the Company respectively. Both mandates will lapse at the conclusion of the Annual General Meeting.

\* *For identification purpose only*

## LETTER FROM THE BOARD

An ordinary resolution will be proposed at the Annual General Meeting to approve the granting of a new general mandate to the Directors:

“to allot, issue or deal with Shares of an aggregate nominal amount of up to 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of such resolution (the “New Issue Mandate”)”.

The New Issue Mandate will continue in force until the conclusion of the next annual general meeting of the Company held after the Annual General Meeting or any earlier date as referred to in ordinary resolutions no. 4 set out in the notice of the Annual General Meeting. With reference to the proposed New Issue Mandate, the Directors wish to state that they have no immediate plan to issue any Shares pursuant thereto.

### **3. PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS**

Pursuant to Article 116 of the Articles of Association, at each annual general meeting of the Company, one-third of the Directors (other than the Chairman or the Managing Director or Joint Managing Director) for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years or within such other period as the Stock Exchange may from time to time prescribe or within such other period as the laws of such jurisdiction applicable to the Company. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and does not offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agreed among themselves) be determined by lot. A retiring Director shall retain office until the close of the meeting at which he retires, and shall be eligible for re-election thereat.

According to Article 116 of the Articles of Association, Mr. Pang Hon Chung shall retire by rotation at the Annual General Meeting and being eligible, will offers himself for re-election at the Annual General Meeting. Details of Mr. Pang Hon Chung as required to be disclosed by the Listing Rules are set out in Appendix I (1) to this circular.

According to Article 99, a director appointed as an addition to the Board shall retire at the next following annual general meeting of the Company and shall be eligible for re-election. Dr. So Shu Fai, Mr. Mak Bing Kau, Mr. Ng Wai Hung and Mr. Lau Cheuk Lun were appointed as additional directors to the Board on 11 December 2010. Details of Dr. So, Mr. Mak, Mr. Ng and Mr. Lau are required to be disclosed by the Listing Rules and are set out in Appendix I (2, 3, 4, 5) of this Circular.

## LETTER FROM THE BOARD

#### 4. PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME

The Company operated a share option scheme effective from 16 October 1997 when the shares of the Company were first quoted on the Hong Kong Stock Exchange (the “Old Scheme”). The Old Scheme lasted for 10 years and expired on 15 October 2007, although certain amount of share options granted but not exercised on that date may continue to be valid up to the time limit set when the options were granted, beyond which the options shall lapse (the “Outstanding Options”). On 9 April 2010, all Outstanding Options had lapsed and there were no more share options granted but not exercised as at that date. The Company operated no other share option scheme than the Old Scheme.

To give the Board an additional tool to motivate employees and relevant persons to contribute towards the future success of the Company, the Board has proposed that a new share option scheme of the Company be adopted at this Annual General Meeting (the “2011 Share Option Scheme”).

The rules of the 2011 Share Option Scheme are as submitted in Appendix II of this circular. Subject to the Shareholders approving this new scheme, application will be made to the Stock Exchange to grant the listing and permission to deal in the Shares from the exercise of the options granted under the 2011 Share Option Scheme.

#### 5. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Annual General Meeting is set out on pages AGM-1 to AGM-3 of this circular. At the Annual General Meeting, resolutions will be proposed to approve, inter alia, the granting of the New Issue Mandate, the re-election of the retiring Directors and the adoption of the 2011 Share Option Scheme of the Company.

Pursuant to the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, all the proposed resolutions will be put to vote by way of poll at the Annual General Meeting. An announcement on the poll vote results will be made by the Company after the Annual General Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for use at the Annual General Meeting is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company ([www.tonic.com.hk](http://www.tonic.com.hk)). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company’s Share Registrar in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the Annual General Meeting or any adjournment thereof if you so wish.

## LETTER FROM THE BOARD

### 6. RECOMMENDATION

The Directors consider that the granting of the New Issue Mandate, the re-election of retiring Directors and approving of the 2011 Share Option Scheme are in the interests of the Company, the Group and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting on the terms set out in the notice of that meeting.

### 7. GENERAL INFORMATION

Your attention is drawn to the additional information set out in Appendix I (Details of the Retiring Directors Proposed to be re-elected at the Annual General Meeting) and Appendix II (Detailed terms of the 2011 Share Option Scheme proposed to be adopted at the Annual General Meeting) to this circular.

Yours faithfully,  
On behalf of the Board  
**Dr. So Shu Fai**  
*Chairman*



*Pursuant to the Listing Rules, the details of the Directors who will retire at the Annual General Meeting according to the Articles of Association and will be proposed to be re-elected at the Annual General Meeting are provided below.*

**(1) MR. PANG HON CHUNG, AGED 60, AN INDEPENDENT NON-EXECUTIVE DIRECTOR**

**Position & Experience**

Mr. Pang Hon Chung (“Mr. Pang”) has been an independent non-executive Director since 3 September 1997, the chairman of the audit committee since 27 September 2004 and a member of the remuneration committee since 19 December 2005.

A qualified professional accountant for many years, Mr. Pang has long and extensive experience in the areas of finance and business management in serving clients and international corporations. He is a director of Genetron Engineering Co., Limited.

Mr. Pang is a member of both the Association of Chartered Certified Accountants of the UK and the Hong Kong Institute of Certified Public Accountants.

Mr. Pang does not hold any other position with the Company and has not held any directorship in listed companies in the past three years.

**Relationship with Directors, senior management or substantial/controlling shareholders**

Other than the relationship arising from his being an independent non-executive Director, the chairman of the audit committee and a member of the remuneration committee of the Company, Mr. Pang does not have any relationship with any other Director, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Company.

**Interests in securities of the Company**

As at the Latest Practicable Date, Mr. Pang was not interested or deemed to be interested in any shares or underlying share in the Company within the meaning of Part XV of the SFO.

**Length of service and emoluments**

There is no service contract between the Company and Mr. Pang and he is subject to the retirement and re-election provisions under the Articles of Association of the Company. Mr. Pang is entitled to receive a fixed fee of HK\$106,800 per annum, which is determined by the Board by reference to the office duties and time spent.

**Matters that need to be brought to the attention of the Shareholders**

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, and there are no other matters concerning Mr. Pang that need be brought to the attention of the Shareholders.

**(2) DR. SO SHU FAI, AGED 60, AN EXECUTIVE DIRECTOR****Position & Experience**

Dr. So was appointed an executive Director of the Company on 11 December 2010 and elected Chairman of the Board on 31 December 2010. He was appointed a member of the executive committee and a member of the remuneration committee of the Company on 11 December 2010.

Dr. So is an executive director of SJM Holdings Limited (listed on the Stock Exchange) and is currently the Chairman of Shenzhen Super Perfect Optics Limited. He is an independent non-executive director of SHK Hong Kong Industries Limited (formerly known as Yu Ming Investments Limited) (listed on the Stock Exchange), a director of the Euronext Lisbon listed Estoril Sol, SGPS, S.A., and the chairman of the board of directors of MACAUPORT – Sociedade de Administração de Portos, S.A. Dr. So was an executive director of Shun Tak Holdings Limited (listed on the Stock Exchange) from 1991 to 2009.

Dr. So is a member of the 11th National Committee of the Chinese People's Political Consultative Conference ("CPPCC"), a member of the Committee of Foreign Affairs of the National Committee of CPPCC, a consultant to the Committee for Liaison with Hong Kong, Macau, Taiwan and Overseas Chinese of the Beijing Municipal Committee of CPPCC, the honorary consul of the Republic of Portugal in the Hong Kong SAR, as well as a member of the Economic Development Council and of the Cultural Consultative Council of the Macau SAR Government.

Dr. So is the president of Clube Militar de Macau, a member of the board of directors of The University of Hong Kong Foundation for Educational Development and Research, as well as a committee member of the 8th China Federation of Literary and Art Circles.

He graduated with a Bachelor of Science degree from The University of Hong Kong in 1973, and received a doctoral degree in Management Studies from IMC/Southern Cross University in 2001.

**Relationship with Directors, senior management or substantial/controlling shareholders**

Other than the relationship arising from his being an executive Director, the Chairman and chairman of the executive committee and a member of the remuneration committee, and himself a controlling shareholder of the Company, Dr. So does not have any relationship with any other Director, senior management or substantial shareholders (as defined in the Listing Rules, or controlling shareholders (as defined in the Listing Rules) of the Company.

**Interests in securities of the Company**

Dr. So is a controlling shareholder of the Company by virtue his controlling interests in Skill China Limited through Fortune Alliance Group Ltd. and in turn Jointprofit Limited which he owns 100%. Skill China Limited holds 739,164,898 shares, or 69.18%, in the issued share capital of the Company.

**Length of service and emoluments**

There is no service contract entered between Dr. So and the Company. By virtue of his being Chairman of the Board, under the Articles of Association, he is not subject to retirement by rotation and re-election. Dr. So is entitled to a fixed annual remuneration of HK\$300,000 having regard to his experience, responsibilities, the prevailing market conditions and the business situation of the Company.

**Matters that need to be brought to the attention of Shareholders**

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, and there are no other matters concerning Dr. So that need be brought to the attention of the Shareholders.

**(3) MR. MAK BING KAU, AGED 61, AN EXECUTIVE DIRECTOR****Position & Experience**

Mr. Mak was appointed an executive Director of the Company and also a member of the executive committee of the Board on 11 December 2010.

Mr. Mak joined the Hongkong Electric Co. Ltd. ("HEC") in 1973 and had since held various key engineering positions in HEC, including Chief Engineer in technical services and Acting General Manager (Transmission & Distribution). He retired from HEC in late 2009 and has since been appointed an honorary lecturer of the Electrical and Electronic Engineering Department of the University of Hong Kong.

Mr. Mak is a Chartered Engineer, a Fellow of the Institute of Electrical Engineers and also a corporate member of the Hong Kong Institute of Engineers. He has been active in engineering and community services, including serving as the Chairman of the UK's Institute of Electrical Engineers (Hong Kong Branch), an advisor of the Electrical Engineering Department of the Hong Kong Polytechnic University as well as a member of the Electrical Safety Advisory Committee of the Government of Hong Kong SAR.

Mr. Mak graduated from the University of Hong Kong with a First Class Honours Bachelor of Science degree in Electrical Engineering in 1973, and subsequently obtained a Master of Science degree in Electrical Engineering from the same university.

Mr. Mak does not hold any other position with the Company and has not held any directorship in listed companies in the past three years.

#### **Relationship with Directors, senior management or substantial/controlling shareholders**

Other than the relationship arising from his being an executive Director and a member of the executive committee of the Board, Mr. Mak does not have any relationship with any other Director, senior management or substantial shareholders or controlling shareholder (as defined in the Listing Rules) of the Company.

#### **Interests in securities of the Company**

As at the Latest Practicable Date, Mr. Mak was not interested or deemed to be interested in any shares or underlying share in the Company within the meaning of Part XV of the SFO.

#### **Length of service and emoluments**

There is no service contract entered between Mr. Mak and the Company but he is subject to retirement by rotation and re-election under the Articles of Association. Mr. Mak is entitled to a fixed annual remuneration of HK\$200,000 having regard to his experience, responsibilities, the prevailing market conditions and the business situation of the Company.

#### **Matters that need to be brought to the attention of Shareholders**

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, and there are no other matters concerning Mr. Mak that need be brought to the attention of the Shareholders.

#### **(4) MR. NG WAI HUNG, AGED 62, AN EXECUTIVE DIRECTOR**

##### **Position & Experience**

Mr. Ng was appointed an executive Director of the Company and also a member of the executive committee of the Board on 11 December 2010.

Mr. Ng is a co-founder of SAE Magnetics (H.K.) Ltd. in 1980 which began from a manufacturer of recording heads for floppy disk drives. Mr. Ng transformed the company to now the largest independent manufacturer of state-of-the-art magnetic recording heads for hard disk drives (HDD). In Dongguan where SAE's manufacturing facility locates, Mr. Ng has established close working relationships with foreign investors and government officials of the city. Furthermore, Mr. Ng plays many active roles in community services in various institutions. For example, he founded the Hong Kong Critical Components Manufacturers Association (HKCCMA) in 1998, serves the business and professional communities including the Chairman of the Science and Technology Committee of the Asia Pacific Academy for Productivity and Innovation, the Board of Governors of the East-West Strategic Development Commission, and the council member of the Better Hong Kong Foundation.

Mr. Ng graduated from the Hong Kong Technical College in 1976, and received his MBA degree from the Asia International Open University in 1993.

Mr. Ng does not hold any other position with the Company and has not held any directorship in listed companies in the past three years.

#### **Relationship with Directors, senior management or substantial/controlling shareholders**

Other than the relationship arising from his being an executive Director and a member of the executive committee of the Board, Mr. NG does not have any relationship with any other Director, senior management or substantial shareholders or controlling shareholder (as defined in the Listing Rules) of the Company.

#### **Interests in securities of the Company**

As at the Latest Practicable Date, Mr. NG was not interested or deemed to be interested in any shares or underlying share in the Company within the meaning of Part XV of the SFO.

#### **Length of service and emoluments**

There is no service contract entered between Mr. Ng and the Company but he is subject to retirement by rotation and re-election under the Articles of Association. Mr. NG is entitled to a fixed annual remuneration of HK\$200,000 having regard to his experience, responsibilities, the prevailing market conditions and the business situation of the Company.

#### **Matters that need to be brought to the attention of Shareholders**

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, and there are no other matters concerning Mr. Ng that need be brought to the attention of the Shareholders.

**(5) MR. LAU CHEUK LUN, AGED 56, AN EXECUTIVE DIRECTOR****Position & Experience**

Mr. Lau was appointed an executive Director and a member of the executive committee of the Board of the Company on 11 December 2010. He was also appointed the Chief Financial Officer and Company Secretary of the Company on the same date.

Mr. Lau has worked in Toronto, Canada for CIBA Vision Canada Inc. for 16 years until 2005, the most recent post being Chief Financial Officer. In January 2006, Mr. Lau joined Bio Treat Technology Limited, a publicly listed company on Singapore Stock Exchange, as Chief Financial Officer, until June 2010.

Mr. Lau is a member of both Institute of Chartered Accountants of England and Wales as well as Hong Kong Institute of Certified Public Accountants. He is also a fellow of the Association of Chartered Certified Accountants of the United Kingdom.

Mr. Lau has not held any directorship in public listed companies during the past three years.

**Relationship with Directors, senior management or substantial/controlling shareholders**

Other than the relationship arising from his being an executive Director, a member of the executive committee of the Board, the Chief Financial Officer and the Company Secretary of the Company, Mr. Lau does not have any relationship with any other Director, senior management or substantial shareholders or controlling shareholder (as defined in the Listing Rules) of the Company.

**Interests in securities of the Company**

As at the Latest Practicable Date, Mr. Lau was not interested or deemed to be interested in any shares or underlying share in the Company within the meaning of Part XV of the SFO.

**Length of service and emoluments**

There is no service contract entered between Mr. Lau and the Company but he is subject to retirement by rotation and re-election as a Director under the Articles of Association. Mr. Lau is entitled to a fixed annual remuneration of HK\$660,000 having regard to his experience, responsibilities, the prevailing market conditions and the business situation of the Company.

**Matters that need to be brought to the attention of Shareholders**

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) for the Listing Rules, and there are no other matters concerning Mr. Lau that need be brought to the attention of the Shareholders.

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**(Stock Code: 978)**

**2011 SHARE OPTION SCHEME**

**Proposed for adoption by an ordinary resolution of the  
shareholders of**

**Tonic Industries Holdings Limited**

**東力實業控股有限公司\***

**on 27 September 2011**

\* *For identification purpose only*

<b>APPENDIX II    DETAILED TERMS OF THE 2011 SHARE OPTION SCHEME          PROPOSED TO BE ADOPTED          AT THE ANNUAL GENERAL MEETING</b>
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I N D E X

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**APPENDIX II    DETAILED TERMS OF THE 2011 SHARE OPTION SCHEME  
PROPOSED TO BE ADOPTED  
AT THE ANNUAL GENERAL MEETING**

**1.    DEFINITIONS**

1.1    In this Scheme the following expressions shall have the following meanings:

<b>“Adoption Date”</b>	the date on which this Scheme is adopted upon fulfilment of the condition set out in paragraph 2.1;
<b>“associate”</b>	shall bear the meaning as defined in the Listing Rules;
<b>“Auditors”</b>	the auditors for the time being of the Company;
<b>“Business Day”</b>	any day on which the Stock Exchange is open for the business of dealing in securities;
<b>“Companies Law”</b>	the Companies Law (2010 Revision) of the Cayman Islands as amended, supplemented or otherwise modified from time to time;
<b>“Company”</b>	Tonic Industries Holdings Limited 東力實業控股有限公司*, (formerly known as Tonic Electronics Holdings Ltd.) a company incorporated in the Cayman Islands with limited liability on 24 April 1997, and references to “we” or “our” refer to the Group or, where the context requires, the Company;
<b>“Directors”</b>	the directors of the Company for the time being or a duly authorised committee thereof;
<b>“Eligible Employee”</b>	any full time employee, executive or executive director of the Company, its Subsidiaries or any Invested Entity;
<b>“Eligible Participants”</b>	the persons to whom the Directors may extend an Offer to take up Options as referred to in paragraph 4.1, and “Eligible Participant” shall be construed accordingly;
<b>“Grantee”</b>	any Eligible Participant who accepts the Offer in accordance with the terms of this Scheme or (where the context so permits and as referred to in paragraph 6.4(a)) his Personal Representative;

\* For identification purpose only

<b>APPENDIX II     DETAILED TERMS OF THE 2011 SHARE OPTION SCHEME PROPOSED TO BE ADOPTED AT THE ANNUAL GENERAL MEETING</b>
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<b>“Group”</b>	the Company and the Subsidiaries and “member(s) of the Group” shall be construed accordingly;
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China;
<b>“Invested Entity”</b>	any entity in which any member of the Group holds any equity interest;
<b>“Listing Rules”</b>	rules governing the listing of securities on the Stock Exchange;
<b>“Offer”</b>	an offer for the grant of an Option made in accordance with paragraph 4.4;
<b>“Offer Date”</b>	the date, which must be a Business Day, on which an Offer is made to an Eligible Participant;
<b>“Option”</b>	an option to subscribe for the Shares granted pursuant to this Scheme;
<b>“Option Period”</b>	in respect of any particular Option, a period (which may not expire later than 10 years from the Offer Date of that Option) to be determined and notified by the Directors to the Grantee thereof and, in the absence of such determination, from the Offer Date to the earlier of (i) the date on which such Option lapses under the provisions of paragraph 7; and (ii) 10 years from the Offer Date of that Option;
<b>“Personal Representative(s)”</b>	the person or persons who, by virtue of the laws of succession applicable in respect of the death of a Grantee (being an individual), is or are entitled to exercise the Option granted to such Grantee (to the extent not already exercised);
<b>“Scheme”</b>	this Share Option Scheme in its present form or as may be altered from time to time in accordance with paragraph 13;

**APPENDIX II    DETAILED TERMS OF THE 2011 SHARE OPTION SCHEME  
PROPOSED TO BE ADOPTED  
AT THE ANNUAL GENERAL MEETING**

<b>“Shares”</b>	shares of \$0.01 each of the Company, or, if there has been a sub-division, consolidation, re-classification or re-construction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company of such other nominal amount as shall result from any such sub-division, consolidation, re-classification or re-construction;
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited or other principal stock exchange in Hong Kong for the time being or such other stock exchange which is the principal stock exchange (as determined by the Directors) on which the Shares are for the time being listed or traded;
<b>“Subscription Price”</b>	the price per Share at which a Grantee may subscribe for the Shares on the exercise of an Option, as determined in accordance with paragraph 5;
<b>“Subsidiary”</b>	a company which is for the time being and from time to time a subsidiary or a subsidiary undertaking (within the meaning of the Companies Ordinance (Cap. 32 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong, the Cayman Islands, the British Virgin Islands, the People’s Republic of China or elsewhere or any entity which is accounted for or consolidated in the audited accounts of the Company pursuant to the applicable Hong Kong Financial Reporting Standards or International Financial Reporting Standards;
<b>“Termination Date”</b>	close of business of the Company on the date which falls ten (10) years after the Adoption Date; and
<b>“\$”</b>	Hong Kong dollars.

1.2 In this Scheme, unless the context otherwise requires:

- (a) paragraph headings are for ease of reference only and shall be ignored in construing this Scheme;
- (b) references to paragraphs or sub-paragraphs are references to paragraphs or sub-paragraphs hereof;
- (c) words importing the singular include the plural and vice versa;
- (d) words importing one gender include both genders and the neuter and vice versa;

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- (e) references to persons include bodies corporate and unincorporated;
- (f) references to any statutory provisions or rules prescribed by any statutory bodies shall include the same as from time to time amended, consolidated and re-enacted; and
- (g) references to any statutory body shall include the successor thereof and any body established to replace or assume the functions of the same.

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**2.     CONDITIONS**

- 2.1 This Scheme is conditional upon the passing of the necessary resolution to approve and adopt this Scheme in general meeting and authorising the directors of the Company to grant Options thereunder and to allot, issue and deal with the Shares which fall to be issued by the Company pursuant to the exercise of any Options under the Share Option Scheme.
- 2.2 If the conditions referred to in paragraph 2.1 are not satisfied on or before 31 March 2012, this Scheme shall forthwith determine and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of this Scheme.
- 2.3 A certificate of a Director that the conditions set out in paragraph 2.1 have been satisfied and the date on which such conditions were satisfied or that such conditions have not been satisfied as of any particular date and the exact date of the Adoption Date shall be conclusive evidence of the matters certified.

**3.     PURPOSE, DURATION AND ADMINISTRATION**

- 3.1 The purpose of this Scheme is to enable the Group to grant Options to the Eligible Participants as incentives or rewards for their contribution to the Group.
- 3.2 This Scheme shall be subject to the administration of the Directors whose decision on all matters arising in relation to this Scheme or their interpretation or effect shall (save for the grant of Options referred to in paragraph 4.2 which shall be approved in the manner referred to therein and save as otherwise provided herein) be final and binding on all persons who may be affected thereby.
- 3.3 Subject to paragraphs 2 and 14, this Scheme shall be valid and effective until the Termination Date, after which period no further Options may be issued but the provisions of this 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 this Scheme.
- 3.4 A Grantee shall ensure that the acceptance of an Offer, the holding and exercise of his Option in accordance with this Scheme, the allotment and issue of Shares to him upon the exercise of his Option and the holding of such Shares are valid and comply with all laws, legislation and regulations including all applicable exchange control, fiscal and other laws to which he is subject. The Directors may, as a condition precedent of making an Offer and allotting Shares upon an exercise of an Option, require an Eligible Participant or a Grantee (as the case may be) to produce such evidence as it may reasonably require for such purpose.

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**4. GRANT OF OPTIONS**

4.1 Subject to paragraph 4.2, the Directors shall, in accordance with the provisions of this Scheme and the Listing Rules, be entitled but shall not be bound at any time within a period of ten (10) years commencing from the Adoption Date to make an Offer to any person belonging to the following classes of participants to subscribe, and no person other than the Eligible Participant named in such Offer may subscribe, for such number of Shares (being a board lot for dealings in the Shares on the Stock Exchange or an integral multiple thereof) at such Subscription Price as the Directors shall, subject to paragraph 5, determine:

- (a) any Eligible Employee;
- (b) any non-executive directors (including independent non-executive directors) of the Company, any Subsidiary or any Invested Entity;
- (c) any supplier of goods or services to any member of the Group or any Invested Entity;
- (d) any customer of any member of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;
- (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and
- (h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group,

and, for the purposes of this Scheme, the Offer may be made to any company wholly owned by one or more Eligible Participants.

For the avoidance of doubt, the grant of any options by the Company for the subscription of Shares or other securities of the Group to any person who falls within any of the above classes of Eligible Participants shall not, by itself, unless the Directors otherwise determine, be construed as a grant of Option under this Scheme.

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- 4.2 Without prejudice to paragraph 8.4 below, the making of an Offer to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approved by the independent non-executive Directors (excluding any non-executive Director who or whose associate is the proposed Grantee of an Option).
- 4.3 The eligibility of any of the Eligible Participants to an Offer shall be determined by the Directors from time to time on the basis of the Directors' opinion as to his contribution to the development and growth of the Group.
- 4.4 An Offer 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 under the Option and the Option Period in respect of which the Offer 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 this Scheme and shall remain open for acceptance by the Eligible Participant concerned (and by no other person) for a period of up to 21 calendar days from the Offer Date.
- 4.5 An Offer shall state, in addition to the matters specified in paragraph 4.4, the following:
- (a) the name, address and position of the Eligible Participant;
  - (b) the number of Shares under the Option in respect of which the Offer is made and the Subscription Price for such Shares;
  - (c) the Option Period in respect of which the Offer is made or, as the case may be, the Option Period in respect of separate parcels of Shares under the Option comprised in the Offer;
  - (d) the last date by which the Offer must be accepted (which may not be later than 21 days from the Offer Date);
  - (e) the procedure for acceptance;
  - (f) the performance target(s) (if any) that must be attained by the Eligible Participant before any Option can be exercised;
  - (g) such other terms and conditions of the Offer as may be imposed by the Directors as are not inconsistent with this Scheme; and
  - (h) a statement 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 this Scheme including, without limitation, the conditions specified in paragraphs 3.4, 6.1, 15.8 to 15.11, inclusive.

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- 4.6 An Offer 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 duly signed by the Eligible Participant together with a remittance in favour of the Company of HK\$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 (which shall not be later than 21 days from the Offer Date). Such remittance shall in no circumstances be refundable.
- 4.7 Any Offer may be accepted by an Eligible Participant in respect of less than the number of Shares under the Option which are offered provided that it is accepted in respect of a board lot for dealings in the Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate letter comprising acceptance of the Offer duly signed by such Eligible Participant and received by the Company together with a remittance in favour of the Company of One Hong Kong Dollar (\$1.00) by way of consideration for the grant thereof within such time as may be specified in the Offer (which shall not be later than 21 days from the Offer Date). Such remittance shall in no circumstances be refundable.
- 4.8 Upon an Offer being accepted by an Eligible Participant in whole or in part in accordance with paragraph 4.6 or 4.7, 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 paragraph 4.6 or 4.7, it will be deemed to have been irrevocably declined.
- 4.9 The Option Period of an Option may not end later than ten (10) years after the Offer Date of that Option.
- 4.10 Options will not be listed or dealt in on the Stock Exchange.
- 4.11 For so long as the Shares are listed on the Stock Exchange:
- (a) an Offer may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced in accordance with the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of:
    - (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarter or any other interim period) whether or not required under the Listing Rules); and



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- (ii) the deadline for the Company to publish an announcement of its results for any year or half-year, quarter or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement, no Offer may be made; and

- (b) the Directors may not make any Offer 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.

**5.     SUBSCRIPTION PRICE**

The Subscription Price in respect of any Option shall, subject to any adjustments made pursuant to paragraph 9, be at the discretion of the Directors, provided that it shall be at least the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares 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 a Share.

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**6.     EXERCISE OF OPTIONS**

- 6.1     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. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Option granted to such Grantee to the extent not already exercised.
- 6.2     Unless otherwise determined by the Directors and stated in the Offer to a Grantee, a Grantee is not required to hold an Option for any minimum period nor achieve any performance targets before the exercise of an Option granted to him.
- 6.3     Subject to paragraphs 3.4 and 15.8 and the fulfillment of all terms and conditions set out in the Offer, including the attainment of any performance targets stated therein (if any), an Option shall be exercisable in whole or in part in the circumstances and in the manner as set out in paragraphs 6.4 and 6.5 by giving notice in writing, in the prescribed form as in the Appendix hereto, 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 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 6.4(c)) after receipt of the notice and, where appropriate, receipt of the certificate of the Auditors or the independent financial advisers pursuant to paragraph 9, the Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or, in the event of an exercise of Option by a Personal Representative pursuant to paragraph 6.4(a), to the estate of the Grantee) fully paid and issue to the Grantee (or his estate in the event of an exercise by his Personal Representative as aforesaid) a share certificate for every board lot of Shares so allotted and issued and a share certificate for the balance (if any) of the Shares so allotted and issued which do not constitute a board lot.
- 6.4     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 Eligible Employee and in the event of his ceasing to be an Eligible Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the Option in full, his Personal Representative(s) or, as appropriate, the Grantee may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the provisions of paragraph 6.3 within a period of 3 months following the date of cessation of employment which date shall be the last day

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on which the Grantee was at work with the Company or the relevant Subsidiary or the Invested Entity 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 6.4(c) or 6.4(d) occur during such period, exercise the Option pursuant to paragraph 6.4 (c) or 6.4 (d) respectively;

- (b) if the Grantee is an Eligible Employee and in the event of his ceasing to be an Eligible Employee for any reason other than his death, ill-health or retirement in accordance with his contract of employment or the termination of his employment on one or more of the grounds specified in paragraph 7.1(c) before exercising the Option in full, the Option (to the extent 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 not already exercised) in whole or in part in accordance with the provisions of paragraph 6.3 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 sub-paragraph 6.4(c) or 6.4(d) occur during such period, exercise the Option pursuant to paragraph 6.4(c) or 6.4(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 or the Invested Entity whether salary is paid in lieu of notice or not;
- (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 Options were granted, be entitled to exercise the Option (to the extent 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 6.3 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;
- (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 four (4) Business Days before the date on which such resolution is to be considered and/or passed, exercise his Option (to the extent not already exercised) either to its full extent or to the extent specified

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in such notice in accordance with the provisions of paragraph 6.3 and the Company shall allot and issue to the Grantee the Shares in respect of which such Grantee has exercised his Option not less than one (1) day before the date on which such resolution is to be considered and/or passed whereupon he shall accordingly be entitled, in respect of the Shares allotted and issued to him 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 then outstanding shall lapse and determine on the commencement of the winding-up; and

(e) if the Grantee is a company wholly owned by one or more Eligible Participants:

(i) the provisions of paragraphs 6.4(a), 6.4(b), 7.1(c) and 7.1(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 Eligible Participant, and such Options shall accordingly lapse or fall to be exercisable after the event(s) referred to in paragraphs 6.4(a), 6.4(b), 7.1(c) and 7.1(d) shall occur with respect to the relevant 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 Eligible Participant 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.

6.5 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.

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**7.    EARLY TERMINATION OF OPTION PERIOD**

7.1    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 6.4;
- (c)    in respect of a Grantee who is an Eligible Employee, the date on which the Grantee ceases to be an Eligible Employee by reason of a termination of his employment on the grounds that he 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 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 the Group or the Invested Entity into disrepute);
- (d)    in respect of a Grantee other than an Eligible Employee, the date on which the Directors shall at their absolute discretion determine that (i) (aa) such Grantee or his associate has committed any breach of any contract entered into between such Grantee or his associate on the one part and the Group or any Invested Entity on the other part; or (bb) such 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 creditors generally; or (cc) such Grantee could no longer make any contribution to the growth and development 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 (aa), (bb) or (cc) 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 6.1 by the Grantee in respect of that or any other Option.

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7.2 A resolution of the Directors to the effect that the employment of a Grantee has been terminated on one or more of the grounds specified in paragraph 7.1(c) or that any event referred to in paragraph 7.1(d)(i) has occurred shall be conclusive and binding on all persons who may be affected thereby.

7.3 Transfer of employment of a Grantee who is an Eligible Employee from one member of the Group to another member of the Group shall not be considered a cessation of employment. It shall not be considered a cessation of employment if a Grantee who is an Eligible Employee is placed on such leave of absence which is considered by the directors of the relevant member of the Group not to be a cessation of employment of the Grantee.

**8.    MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION**

8.1 The maximum number of Shares which may be allotted and issued upon exercise of all outstanding Options granted and yet to be exercised under this Scheme and any other share option schemes adopted by the Group shall not exceed 30 per cent of the share capital of the Company in issue from time to time. No options may be granted under this Scheme or any other share option scheme adopted by the Group if the grant of such option will result in the limit referred to in this paragraph 8.1 being exceeded.

8.2 The total number of Shares which may be allotted and issued upon exercise of all Options (excluding, for this purpose, options which have lapsed in accordance with the terms of this Scheme and any other share option scheme of the Group) to be granted under this Scheme and any other share option scheme of the Group must not in aggregate exceed 10 per cent of the Shares in issue which may be allotted and issued pursuant to the exercise of the Over-allotment Option) ("**General Scheme Limit**") provided that:

- (a) subject to paragraph 8.1 and without prejudice to paragraph 8.2(b), the Company may seek approval of its shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be allotted and issued upon exercise of all Options to be granted under this Scheme and any other share option scheme of the Group must not exceed 10 per cent. of the Shares in issue as at the date of approval of the limit and for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with this Scheme and any other share option scheme of the Group) previously granted under this Scheme and any other share option scheme of the Group will not be counted; and

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(b) subject to paragraph 8.1 and without prejudice to paragraph 8.2(a), the Company may seek separate shareholders' approval in general meeting to grant Options under this Scheme beyond the General Scheme Limit or, if applicable, the extended limit referred to in paragraph 8.2(a) to Eligible Participants specifically identified by the Company before such approval is sought.

8.3 Subject to paragraph 8.4, the total number of Shares issued and which may fall to be issued upon exercise of the Options and the options granted under any other share option scheme of the Group (including both exercised or outstanding options) to each Grantee in any 12-month period shall not exceed 1 per cent. of the issued share capital of the Company for the time being. Where any further grant of Options to a Grantee under this Scheme would result in the Shares issued and to be issued upon exercise of all options granted and proposed to be granted to such person (including exercised, cancelled and outstanding options) under this Scheme and any other share option schemes of the Group in the 12-month period up to and including the date of such further grant representing in aggregate over 1 per cent. of the Shares in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such Grantee and his associates abstaining from voting.

8.4 Without prejudice to paragraph 4.2, 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 (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 per cent. of the Shares in issue; and
- (b) having an aggregate value, based on the closing price of the Shares at the Offer Date of each Offer, in excess of \$5 million;

such further grant of options must be approved by the shareholders of the Company in general meeting.

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8.5 For the purpose of seeking the approval of the shareholders of the Company under paragraphs 8.2, 8.3 and 8.4, the Company must send a circular to the shareholders containing the information required under the Listing Rules and where the Listing Rules shall so require, the vote at the shareholders' meeting convened to obtain the requisite approval shall be taken on a poll with those persons required under the Listing Rules abstaining from voting.

**9. ADJUSTMENTS TO THE SUBSCRIPTION PRICE**

9.1 In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable or this Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, 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 or nominal amount of Shares to which this 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 remain comprised in an Option,

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

- (a) any such adjustment shall give the Grantee the same proportion of the issued share capital of the Company for which such Grantee would have been entitled to subscribe had he exercised all the Options held by him immediately prior to such adjustment;
- (b) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
- (c) the issue of Shares or other securities of the Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
- (d) any such adjustment shall be made in compliance with such rules, codes and guidance notes of the Stock Exchange from time to time.



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In respect of any adjustment referred to in this paragraph 9.1, 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.

- 9.2 If there has been any alteration in the capital structure of the Company as referred to in paragraph 9.1, the Company shall, upon receipt of a notice from a Grantee in accordance with paragraph 6.3, inform the Grantee of such alteration and shall either inform the Grantee of the adjustment to be made in accordance with the certificate of the Auditors or the independent financial adviser obtained by the Company for such purpose or, if no such certificate has yet been obtained, inform the Grantee of such fact and instruct the Auditors or the independent financial adviser as soon as practicable thereafter to issue a certificate in that regard in accordance with paragraph 9.1.
- 9.3 In giving any certificate under this paragraph 9, the Auditors or the independent financial adviser appointed under paragraph 9.1 shall be deemed to be acting as experts and not as arbitrators and their certificate shall, in the absence of manifest error, be final, conclusive and binding on the Company and all persons who may be affected thereby.

#### **10. CANCELLATION OF OPTIONS**

- 10.1 Subject to paragraph 6.1 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.
- 10.2 Where the Company cancels any Option granted to a Grantee but not exercised and issues new Option(s) to the same Grantee, the issue of such new Option(s) may only be made with available unissued Options (excluding, for this purpose, the Options so cancelled) within the General Scheme Limit or the limits approved by the shareholders of the Company pursuant to paragraph 8.2(a) or 8.2(b).

#### **11. SHARE CAPITAL**

The exercise of any Option shall be subject to the shareholders 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.

#### **12. DISPUTES**

Any dispute arising in connection with the number of Shares the subject of an Option, or any adjustment under paragraph 9.1 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.

<b>APPENDIX II    DETAILED TERMS OF THE 2011 SHARE OPTION SCHEME PROPOSED TO BE ADOPTED AT THE ANNUAL GENERAL MEETING</b>
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**13. ALTERATION OF THIS SCHEME**

13.1 Subject to paragraphs 13.2 and 13.4, this Scheme may be altered in any respect by a resolution of the Directors except that:

- (a) the provisions of this Scheme as to the definitions of “Eligible Participants”, “Grantee”, “Option Period” and “Termination Date” in paragraph 1.1;
- (b) the provisions of this Scheme relating to the matters governed by Rule 17.03 of the Listing Rules;

shall not be altered to the advantage of Grantees or prospective Grantees except with the prior sanction of a resolution of the shareholders of the Company 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.

13.2 Any alterations to the terms and conditions of this Scheme which are of a material nature or any change to the terms of options granted shall be approved by the shareholders of the Company in general meeting except where the alterations take effect automatically under the existing terms of this Scheme.

13.3 Any change to the authority of the Directors or the administrators of this Scheme in relation to any alteration to the terms of this Scheme must be approved by the shareholders of the Company in general meeting.

13.4 The terms of this Scheme and/or any Options amended pursuant to this paragraph 13 must comply with the applicable requirements of the Listing Rules.

**14. TERMINATION**

The Company by resolution in general meeting may at any time terminate the operation of this Scheme and in such event no further Options will be offered but in all other respects the provisions of this 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 this Scheme and Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with this Scheme.

**APPENDIX II    DETAILED TERMS OF THE 2011 SHARE OPTION SCHEME  
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**15. MISCELLANEOUS**

- 15.1 This Scheme shall not form part of any contract of employment between the Company, any Subsidiary or any Invested Entity and any Eligible Employee and the rights and obligations of any Eligible Employee under the terms of his office or employment shall not be affected by his participation in this Scheme or any right which he may have to participate in it and this Scheme shall afford such an Eligible Employee no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.
- 15.2 This Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.
- 15.3 The Company shall bear the costs of establishing and administering this Scheme, including any costs of the Auditors or any independent financial adviser in relation to the preparation of any certificate by them or provision of any other service in relation to this Scheme.
- 15.4 A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to holders of the Shares at the same time or within a reasonable time of any such notices or documents being sent to holders of Shares.
- 15.5 Any notice or other communication between the Company and a Grantee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its principal place of business in Hong Kong and, in the case of the Grantee, his address in Hong Kong as notified to the Company from time to time or, if none or incorrect or out of date, his last place of employment with the Company or the Company's principal place of business in Hong Kong from time to time.
- 15.6 Any notice or other communication if sent by the Grantee shall be irrevocable and shall not be effective until actually received by the Company.
- 15.7 Any notice or other communication if sent to the Grantee shall be deemed to be given or made:
- (a) one (1) day after the date of posting, if sent by mail; and
  - (b) when delivered, if delivered by hand.

**APPENDIX II     DETAILED TERMS OF THE 2011 SHARE OPTION SCHEME  
PROPOSED TO BE ADOPTED  
AT THE ANNUAL GENERAL MEETING**

- 15.8 A Grantee shall, before accepting an Offer or exercising his Option, obtain all necessary consents that may be required to enable him to accept the Offer or to exercise the Option and the Company to allot and issue to him in accordance with the provisions of this Scheme the Shares falling to be allotted and issued upon the exercise of his Option. By accepting an Offer or exercising his Option, the Grantee thereof is deemed to have represented to the Company that he has obtained all such consents. Compliance with this paragraph shall be a condition precedent to an acceptance of an Offer by a Grantee and an exercise by a Grantee of his Options. A Grantee shall indemnify the Company fully against all claims, demands, liabilities, actions, proceedings, fees, costs and expenses which the Company may suffer or incur (whether alone or jointly with other party or parties) for or in respect of any failure on the part of the Grantee to obtain any necessary consent or to pay tax or other liabilities referred therein.
- 15.9 A Grantee shall pay all tax and discharge all other liabilities to which he may become subject as a result of his participation in this Scheme or the exercise of any Option.
- 15.10 By accepting an Offer, an Eligible Participant shall be deemed irrevocably to have waived any entitlement, by way of compensation for loss of office or otherwise howsoever, to any sum or other benefit to compensate him for loss of any rights under this Scheme.
- 15.11 This Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.

**APPENDIX II    DETAILED TERMS OF THE 2011 SHARE OPTION SCHEME  
PROPOSED TO BE ADOPTED  
AT THE ANNUAL GENERAL MEETING**

**APPENDIX**

**Share Options Exercise Notice**

Date:

To: Tonic Industries Holdings Limited

Dear Sirs,

I/We, the undersigned, hereby give your notice that I/we wish to exercise the share option granted to me/us on \_\_\_\_\_

1. Number of options shares now exercised: \_\_\_\_\_
2. Exercise price per share: HK\$ \_\_\_\_\_
3. Total exercise money: HK\$ \_\_\_\_\_
4. Bank cheque/draft enclosed: Bank \_\_\_\_\_; Number \_\_\_\_\_

I/We hereby request and authorized the Company to register these shares in the Company in my/our name and at the address shown below.

Yours faithfully,

(Signature) \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

## NOTICE OF ANNUAL GENERAL MEETING

# TONIC INDUSTRIES HOLDINGS LIMITED

## 東力實業控股有限公司\*

*(Incorporated in the Cayman Islands with limited liability)*

*Website: <http://www.tonic.com.hk>*

**(Stock Code: 978)**

**NOTICE IS HEREBY GIVEN** that an Annual General Meeting of Tonic Industries Holdings Limited (the “Company”) will be held at Golden Dynasty Court, Macau Jockey Club, Hong Kong Club House, 3/F, Shun Tak Centre, Connaught Road Central, Hong Kong on Tuesday, 27 September 2011 at 11:30 a.m. for the following purposes:

1. To receive the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors and auditors of the Company for the year ended 31 March 2011;
2. To re-elect the retiring directors of the Company and to authorise the board of directors of the Company to fix the respective director’s remuneration;
3. To re-appoint ANDA CPA Limited as auditors of the Company and to authorise the board of directors of the Company to fix their remuneration;
4. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

**“THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with authorised and unissued shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors to make or grant offers, agreements and options during the Relevant Period which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to:
  - (i) a Rights Issue (as defined below);
  - (ii) the exercise of options under a share option scheme of the Company; and

\* For identification purpose only

## NOTICE OF ANNUAL GENERAL MEETING

- (iii) any scrip dividend scheme or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company,

shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company on the date of the passing of this resolution and the said approval shall be limited accordingly; and

- (d) 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 revocation or variation of the authority given under this resolution by ordinary resolution passed by the Company’s shareholders 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;

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction or the requirements of any recognised regulatory body or any stock exchange).”; and

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

“**THAT** conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the shares (the “Shares”) of HK\$0.01 each in the capital of the Company falling to be issued pursuant to the share option scheme (the “2011 Share Option Scheme”), the terms of which are set out in Appendix II of this circular, the rules of the 2011 Share Option Scheme be and are hereby approved and adopted and the Directors be and are hereby authorised to grant options and to allot, issue and deal with the Shares pursuant to the exercise of any options granted thereunder and to take all such steps as they may consider necessary or expedient to implement the 2011 Share Option Scheme.”

By order of the Board  
**Lau Cheuk Lun**  
*Company Secretary*

Hong Kong, 26 July 2011

## NOTICE OF ANNUAL GENERAL MEETING

*Notes:*

1. Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him to attend and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. To be effective, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Company's Share Registrar in Hong Kong, Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. 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 instrument appointing a proxy shall be deemed to be revoked.
3. In relation to the re-election of Directors under item 2, the Directors wish to state that such re-election will be voted upon individually of each Director.
4. In relation to the ordinary resolution no. 4 set out in the above notice, the Directors wish to state that they have no immediate plan to issue any new shares of the Company.
5. All the resolutions at the meeting will be taken by poll pursuant to 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.
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.