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TONIC

TONIC INDUSTRIES HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 978)

**RIGHTS ISSUE OF NOT LESS THAN 317,629,987 RIGHTS SHARES AND
NOT MORE THAN 341,754,987 RIGHTS SHARES AT HK\$0.20 EACH ON THE
BASIS OF
ONE RIGHTS SHARE FOR EVERY TWO
EXISTING SHARES HELD ON THE RECORD DATE**

Financial adviser to the Company



Underwriter

Success Forever Limited

The Rights Issue

The Company proposes to raise approximately HK\$64 million to HK\$68 million, before expenses, by way of a rights issue of not less than 317,629,987 Rights Shares and not more than 341,754,987 Rights Shares at a price of HK\$0.20 per Rights Share on the basis of one Rights Share for every two existing Shares held on the Record Date. Pursuant to the Rights Issue, the Qualifying Shareholders will be provisionally allotted one Rights Share in nil-paid form for every two existing Shares held on the Record Date. As at the date of this announcement, there are outstanding Share Options entitling holders thereof to subscribe for 48,250,000 Shares.

The estimated net proceeds of the Rights Issue is approximately HK\$62 million (assuming no outstanding Share Options are exercised on or before the Record Date) or approximately HK\$67 million (assuming all outstanding Share Options are exercised in full on or before the Record Date), which is intended to be used as to approximately HK\$30 million for the purchase of plant and machinery and as to approximately HK\$32 million to HK\$37 million for the general working capital of the Group.

Success Forever has indicated to the Company that the Shares beneficially owned by it as at the date of this announcement will remain registered in the same name on the Record Date and that it will accept or procure the acceptance of all the 158,943,391 Rights Shares to be provisionally allotted to it or its nominee as the holder of such Rights Shares pursuant to the Rights Issue. The Rights Shares will be fully underwritten by Success Forever on the terms and subject to the conditions set out in the Underwriting Agreement.

If Success Forever terminates the Underwriting Agreement (see sub-section headed "Termination of the Underwriting Agreement" below) or the conditions of the Rights Issue (see sub-section headed "Conditions of the Rights Issue" below) are not fulfilled or waived, the Rights Issue will not proceed. **Accordingly, the Rights Issue may or may not proceed. Investors' attention is drawn to the section headed "Warning of the risks of dealings in the Shares and the nil-paid Rights Shares" below.**

The last day of dealing in the Shares on a cum-rights basis is Tuesday, 15 February 2005. The Shares will be dealt with on an ex-rights basis from Wednesday, 16 February 2005. The Rights Shares are expected to be dealt with in their nil-paid form from Tuesday, 1 March 2005 to Wednesday, 9 March 2005 (both dates inclusive). To qualify for the Rights Issue, any transfer of the Shares (together with the relevant share certificate(s)) must be lodged for registration with the Company's branch share registrars in Hong Kong, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, by 4:00 p.m. on Thursday, 17 February 2005.

The last day for acceptance and payment of the Rights Shares are expected to be on Monday, 14 March 2005. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both the nil-paid and fully-paid forms.

The Company will despatch the Rights Issue Documents to each of the Qualifying Shareholders and the Prospectus to each of the Excluded Shareholders (if any), for its information only, on or before Friday, 25 February 2005.

RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue:	One Rights Share for every two existing Shares held on the Record Date
Number of existing Shares in issue:	635,259,975 Shares as at the date of this announcement
Number of existing authorised Shares:	1,200,000,000 Shares as at the date of this announcement
Number of Rights Shares:	Not less than 317,629,987 Rights Shares and not more than 341,754,987 Rights Shares
Underwriter:	Success Forever

The Rights Shares will be fully underwritten by Success Forever on the terms and subject to the conditions set out in the Underwriting Agreement. Under the Rights Issue, not less than 317,629,987 nil-paid Rights Shares (assuming no Share Options are exercised before the Record Date) would be provisionally allotted, representing 50% of the existing issued share capital of the Company and approximately 33% of the issued share capital of the Company as enlarged by the issue of 317,629,987 Rights Shares.

The number of Rights Shares which may be issued pursuant to the Rights Issue will be increased in proportion to any additional Shares which may be allotted and issued upon the exercise of the Share Options on or before the Record Date. As at the date of this announcement, there are outstanding Share Options entitling holders thereof to subscribe for 48,250,000 Shares at HK\$0.70 per Share (of which (i) Mr. Ling is entitled to subscribe for 10,000,000 Shares; (ii) other six executive Directors are entitled to subscribe for 10,150,000 Shares; and (iii) other holders of the Share Options, being employees of the Group, are entitled to subscribe for 28,100,000 Shares). If all of the subscription rights attaching to the outstanding Share Options are exercised in full on or before the Record Date, the number of issued Shares will be increased to 683,509,975 Shares and the number of Rights Shares which may be issued pursuant to the Rights Issue will be increased to 341,754,987 Rights Shares.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date. In order to be registered as members of the Company on the Record Date, all transfers of the Shares must be lodged (together with the relevant share certificate(s)) with the Company's branch share registrars in Hong Kong by 4:00 p.m. (Hong Kong time) on Thursday, 17 February 2005.

The branch share registrar of the Company in Hong Kong is:

Tengis Limited
Ground Floor
Bank of East Asia Harbour View Centre
56 Gloucester Road
Wanchai
Hong Kong

The Company will send the Rights Issue Documents, including the Prospectus, the provisional allotment letters and the forms of application for excess Rights Shares to the Qualifying Shareholders. The Company will send the Prospectus only to the Excluded Shareholders (if any) for information purposes. The Excluded Shareholders are the Shareholders whose names appear on the register of members of the Company as at the close of business on the Record Date and whose addresses as shown on such register are outside Hong Kong where the Directors consider it necessary or expedient not to offer the Rights Issue to such Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place. As at the date of this announcement, the Company does not have any Shareholders whose addresses as shown on the register of members are outside Hong Kong. In the event that the Company has Shareholder(s) whose addresses as shown on the register of members is/are outside Hong Kong on the Record Date, the Company will make enquiry regarding the legal restrictions (if any) under the laws of the relevant places and the requirements of the relevant regulatory bodies or stock exchanges for the Company's offering the Rights Shares to such Shareholders to determine who will be the Excluded Shareholders. The Company will make further announcement regarding the Excluded Shareholders (if any) on or before the date of despatch of the Right Issue Documents, which is expected to be on Friday, 25 February 2005.

Closure of register of members

The register of members of the Company will be closed from Friday, 18 February 2005 to Thursday, 24 February 2005, both dates inclusive. No transfer of Shares will be registered during this period.

TERMS OF THE RIGHTS ISSUE

Subscription Price

HK\$0.20 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the provisional allotment of the Rights Shares under the Rights Issue or application for excess Rights Shares or when a renouncee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 25.9% to the closing price of HK\$0.27 per Share as quoted on the Stock Exchange on 28 January 2005, being the date of this announcement;
- (ii) a discount of approximately 22.9% to the average closing price of HK\$0.2595 per Share for the 10 consecutive trading days up to and including 28 January 2005;
- (iii) a discount of approximately 23.8% to the average closing price of HK\$0.2623 per Share for the 30 consecutive trading days up to and including 28 January 2005;
- (iv) a discount of approximately 18.9% to the theoretical ex-right price of HK\$0.2467 based on the closing price of HK\$0.27 per Share as quoted on the Stock Exchange on 28 January 2005;
- (v) a discount of approximately 67.1% to the audited consolidated net tangible assets value per Share of approximately HK\$0.6081 as at 31 March 2004; and
- (vi) a discount of approximately 67.6% to the unaudited consolidated net tangible assets value per Share of approximately HK\$0.6164 as at 30 September 2004.

The Subscription Price was arrived at after arm's length negotiation between the Company and Success Forever with reference to the market price of the Shares under the prevailing market conditions. The Directors consider the terms of the Rights Issue to be fair and reasonable and in the best interests of the Group and the Shareholders as a whole.

Basis of provisional allotments:

One Rights Share (in nil-paid form) for every two existing Shares held by the Qualifying Shareholders as at the close of business on the Record Date.

Status of the Rights Shares

The Rights Shares (when allotted, issued and fully paid) will rank pari passu with the then existing Shares in issue in all respects. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment and issue of the Rights Shares.

Certificates for the Rights Shares

Subject to the fulfillment or the waiver by Success Forever of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted by Thursday, 17 March 2005 to those Qualifying Shareholders who have paid for and have accepted the Rights Shares, at their own risk.

Fractions of the Rights Shares

The Company will not provisionally allot and issue and will not accept application for any fraction of the Rights Shares. The Company will sell any nil-paid Rights Shares created by adding fractions of the Rights Shares in the market, if any, and will keep the net proceeds for its own benefit.

Application for excess Rights Shares

The Qualifying Shareholders shall be entitled to apply for any unsold entitlements of the Excluded Shareholders, any unsold Rights Shares created by adding together fractions of the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders. Application may be made by completing the form of application for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Board will allocate the excess Rights Shares at its discretion, but on a fair and reasonable basis as far as practicable, and will give preference to topping-up odd lots to whole board lots.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms.

Nil-paid Rights Shares are expected to be traded in board lots of 2,000 (the Shares are currently traded on the Stock Exchange in board lots of 2,000). Dealings in the Rights Shares (both in nil-paid and fully-paid forms) will be subject to the payment of stamp duty in Hong Kong.

Indication of Success Forever

Success Forever has indicated to the Company that the 317,886,782 Shares beneficially owned by it will remain registered in the same name on the Record Date and that it will accept or procure the acceptance of 158,943,391 Rights Shares to be provisionally allotted to it or its nominee as the holder of such Shares pursuant to the Rights Issue.

Conditions of the Rights Issue

The Rights Issue is conditional, among other matters, upon the following:

- (a) the filing and registration of all documents relating to the Rights Issue required by law with the Registrar of Companies in Hong Kong;
- (b) the posting of the Rights Issue Documents to the Qualifying Shareholders;
- (c) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the Rights Shares (in their nil-paid and fully-paid forms); and

- (d) the obligations of Success Forever as the underwriter of the Rights Issue becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms.

If any of the conditions of the Right Issue are not fulfilled or waived by 4:00 p.m. on the second business day following the latest time for acceptance of the Rights Shares which is expected to be on Wednesday, 16 March 2005 (or such later date or dates as Success Forever may agree with the Company in writing), the Rights Issue will not proceed.

UNDERWRITING ARRANGEMENT

Underwriting Agreement

Date:	28 January 2005
Underwriter:	Success Forever, the controlling Shareholder, which is interested in 317,886,782 Shares (representing approximately 50.04% of the issued share capital of the Company) as at the date of this announcement
Number of the Rights Shares underwritten:	not less than 317,629,987 Rights Shares and not more than 341,754,987 Rights Shares
Commission:	2.0% of the aggregate Subscription Price of the Rights Shares other than the Rights Shares to be provisionally allotted to Success Forever and/or its nominee(s) pursuant to the Rights Issue (i.e. not less than 158,686,596 Rights Shares and not more than 182,811,596 Rights Shares)

Success Forever is a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Mr. Ling, the Managing Director and Chairman of the Company. Success Forever is an investment holding company whose ordinary course of business does not include underwriting of securities.

Termination of the Underwriting Agreement

It should be noted that the Underwriting Agreement contains provisions granting Success Forever the right to terminate its obligations on the occurrence of force majeure prior to 4:00 p.m. on the second business day following the latest time for acceptance of the Rights Shares. For this purpose, force majeure includes:

- (a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of Success Forever materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (b) the occurrence of any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof, of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of Success Forever materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (c) the prospectus or announcements of the Company published since the date of the Underwriting Agreement when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date thereof been publicly announced or published by the Company and which may in the reasonable opinion of Success Forever is material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue or might cause a prudent investor not to accept the Rights Shares provisionally allotted to it.

If Success Forever exercises such right, the Rights Issue will not proceed.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

The changes in the shareholding structure of the Company arising from the Rights Issue are as follows:

Scenario 1

Assuming all the outstanding Share Options are not exercised on or before completion of the Rights Issue:

	As at the date of this announcement		Immediately after completion of the Rights Issue on the assumption as set out in Note 1		Immediately after completion of the Rights Issue on the assumption as set out in Note 2	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Success Forever	317,886,782	50.04	476,830,173	50.04	635,516,769	66.69
EHL (Note 3)	129,602,869	20.40	194,404,303	20.40	129,602,869	13.60
Sub-total	447,489,651	70.44	671,234,476	70.44	765,119,638	80.29
Public Shareholders	187,770,324	29.56	281,655,486	29.56	187,770,324	19.71
Total	635,259,975	100.00	952,889,962	100.00	952,889,962	100.00

Notes:

1. Assuming all Shareholders take up their respective provisional allotments of the Rights Shares in full.
2. Assuming (i) all Shareholders (save for Success Forever) do not take up any provisional allotments of the Rights Shares; and (ii) the provisional allotments of the Rights Shares of all Shareholders (save for Success Forever) are taken up by Success Forever pursuant to the Underwriting Agreement.
3. EHL's shareholding interest in the Company is held through its two wholly-owned subsidiaries, namely Glorious Concept Limited and Eco-Haru Mfr. Holdings Limited.

Scenario 2

Assuming all the outstanding Share Options are exercised on or before the Record Date:

	As at the date of this announcement		Immediately after completion of the Rights Issue on the assumption as set out in Note 1		Immediately after completion of the Rights Issue on the assumption as set out in Note 2	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Success Forever	317,886,782	50.04	476,830,173	46.51	659,641,769	64.34
Mr. Ling	–	–	15,000,000	1.46	10,000,000	0.98
EHL (Note 3)	129,602,869	20.40	194,404,303	18.96	129,602,869	12.64
Other six executive Directors	–	–	15,225,000	1.49	10,150,000	0.99
Sub-total	447,489,651	70.44	701,459,476	68.42	809,394,638	78.95
Public Shareholders						
Other holders of the outstanding Share Options	–	–	42,150,000	4.11	28,100,000	2.74
Other public Shareholders	187,770,324	29.56	281,655,486	27.47	187,770,324	18.31
Total	635,259,975	100.00	1,025,264,962	100.00	1,025,264,962	100.00

Notes:

1. Assuming all Shareholders take up their respective provisional allotments of the Rights Shares in full.
2. Assuming (i) all Shareholders (save for Success Forever) do not take up any provisional allotments of the Rights Shares; and (ii) the provisional allotments of the Rights Shares of all Shareholders (save for Success Forever) are taken up by Success Forever pursuant to the Underwriting Agreement.
3. EHL's shareholding interest in the Company is held through its two wholly-owned subsidiaries, namely Glorious Concept Limited and Eco-Haru Mfr. Holdings Limited.

In the event that Success Forever is called upon to subscribe for the balance of the Rights Shares in full pursuant to its obligations under the Underwriting Agreement, the interest of Success Forever in the issued share capital of the Company would increase from approximately 50.04% to approximately 66.69% immediately upon completion of the Rights Issue (assuming no Share Options are exercised on or before completion of the Rights Issue).

MAINTAINING THE LISTING STATUS OF THE COMPANY

It is the intention of Success Forever to maintain the listing of the Shares on the Stock Exchange after completion of the Rights Issue. Accordingly, Success Forever undertakes to the Stock Exchange to take necessary steps (such as placing of the Shares by Success Forever to the Independent Third Parties) to ensure that the public float of the Shares will not be less than 25% immediately after completion of the Rights Issue and the transactions contemplated under the Underwriting Agreement (if any). Further announcement will be made, if required, in relation to any action to be taken in respect of the public float of the Shares to ensure compliance with the Listing Rules.

The Stock Exchange has stated that it will closely monitor trading in the Shares if less than 25% of the Shares are held by the public. If the Stock Exchange believes that: (i) a false market exists or may exist in the Shares; or (ii) there are too few Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares.

EXPECTED TIMETABLE

Last day of dealings in the Shares on a cum-rights basis	Tuesday, 15 February 2005
Commencement of dealings in the Shares on an ex-rights basis	Wednesday, 16 February 2005
Latest time for lodging transfer of the Shares in order to be qualified for the Rights Issue.....	4:00 p.m. on Thursday, 17 February 2005
Register of members closes	Friday, 18 February to Thursday, 24 February 2005 (both dates inclusive)
Record Date	Thursday, 24 February 2005
Register of members re-opens	Friday, 25 February 2005
Despatch of the Rights Issue Documents	Friday, 25 February 2005
First day of dealings in nil-paid Rights Shares	Tuesday, 1 March 2005
Latest time for splitting nil-paid Rights Shares	4:00 p.m. on Friday, 4 March 2005
Last day of dealings in nil-paid Rights Shares	Wednesday, 9 March 2005
Latest time for acceptance of, and payment for, the Rights Shares and application for excess Rights Shares.....	4:00 p.m. on Monday, 14 March 2005
Latest time for termination of the Underwriting Agreement	4:00 p.m. on Wednesday, 16 March 2005
Announcement of results of the Rights Issue on newspapers	Thursday, 17 March 2005

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares expected to be posted on or before Thursday, 17 March 2005

Certificates for the Rights Shares to be despatched on or before Thursday, 17 March 2005

Dealings in fully-paid Rights Shares to commence on Monday, 21 March 2005

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

Existing Shares will be dealt with on an ex-rights basis from Wednesday, 16 February 2005. The Rights Shares will be dealt with in their nil-paid form from Tuesday, 1 March 2005 to Wednesday, 9 March 2005 (both dates inclusive). If prior to 4:00 p.m. on Wednesday, 16 March 2005 (or such later date as Success Forever may agree with the Company in writing), Success Forever terminates the Underwriting Agreement (see sub-section headed “Termination of the Underwriting Agreement” above) or the conditions of the Rights Issue (see sub-section headed “Conditions of the Rights Issue” above) cannot be fulfilled or waived, the Rights Issue will not proceed.

Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled or waived, and any dealings in the Rights Shares in their nil-paid forms between Tuesday, 1 March 2005 to Wednesday, 9 March 2005 both dates inclusive, will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or the Rights Shares in their nil-paid forms are recommended to consult with their own professional advisers.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in the sale and manufacture of consumer electronic products and components and home appliances products.

The Board believes that it is in the best interests of the Group and the Shareholders as a whole to enlarge the capital base of the Company through the Rights Issue in order to support the continuing development of the Group’s existing business activities. The Rights Issue enables the Company to carry out the fund raising exercise while the Qualifying Shareholders are given the opportunity to maintain their respective pro rata shareholding interests in the Company by participating in the Rights Issue.

The estimated net proceeds of the Rights Issue is approximately HK\$62 million (assuming no outstanding Share Options are exercised on or before the Record Date) or approximately HK\$67 million (assuming all outstanding Share Options are exercised in full on or before the Record Date), which is intended to be used for as to approximately HK\$30 million for the purchase of plant and machinery for a new factory to be completed in early 2005 and as to approximately HK\$32 million to HK\$37 million for the general working capital of the Group.

GENERAL

The Company has not conducted any equity fund raising in the 12-month period immediately preceding the date of this announcement.

The Company will despatch the Rights Issue Documents to each of the Qualifying Shareholders and the Prospectus to each of the Excluded Shareholders (if any), for its information only, on or before Friday, 25 February 2005.

DEFINITIONS

“Board”	the board of Directors
“Company”	Tonic Industries Holdings Limited (stock code: 978), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Director(s)”	director(s) of the Company

“EHL”	EganaGoldpfeil (Holdings) Limited (stock code: 048), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange; EHL is beneficially interested in approximately 20.40% of the issued share capital of the Company as at the date of this announcement
“Excluded Shareholders”	Shareholders whose names appear on the register of members of the Company as at the close of business on the Record Date and whose addresses as shown on such register are outside Hong Kong where the Directors, based on legal opinions provided by legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	independent third parties who, to the best of the Director’s knowledge and information and having made all reasonable enquiries, are not connected persons (as defined under the Listing Rules) of the Company and are independent of and not connected with the Company and its connected persons (as defined under the Listing Rules)
“Listing Committee”	the listing sub-committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Ling”	Mr. Ling Siu Man, Simon, the Managing Director and Chairman of the Company, who is beneficially interested in approximately 50.04% of the issued share capital of the Company as at the date of this announcement
“Prospectus”	the prospectus to be issued by the Company as required under the Companies Ordinance in relation to the Rights Issue
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company as at the close of business on the Record Date other than those Excluded Shareholders (if any)
“Record Date”	Thursday, 24 February 2005, the record date to determine entitlements to the Rights Issue
“Rights Issue”	the issue of not less than 317,629,987 Rights Shares and not more than 341,754,987 Rights Shares at the Subscription Price on the basis of one Rights Share for every two existing Shares held on the Record Date payable in full on acceptance
“Rights Issue Documents”	the Prospectus, the provisional allotment letters and the forms of application for excess Rights Shares
“Rights Share(s)”	new Share(s) to be allotted and issued in respect of the Rights Issue
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued capital of the Company
“Share Options”	options granted by the Company under the share option scheme adopted by the Company on 18 September 1997
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.20 per Rights Share

“Success Forever”	Success Forever Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Mr. Ling
“Underwriting Agreement”	the underwriting agreement entered into between the Company and Success Forever dated 28 January 2005 in relation to the Rights Issue
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
Tonic Industries Holdings Limited
LING Siu Man, Simon
Chairman & Managing Director

Hong Kong, 28 January 2005

As at the date of this announcement, the Board comprises seven executive Directors, namely Mr. LING Siu Man, Simon, Mr. LEE Ka Yue, Peter, Mr. WONG Ki Cheung, Ms. LI Fung Ching, Catherine, Mr. AU Wai Man, Mr. LIU Hoi Keung, Gary and Mr. LAM Kwai Wah, one non-executive Director, namely Mr. WONG Wai Kwong, David and three independent non-executive Directors, namely Mr. HO Fook Hong, Ferdinand, Mr. PANG Hon Chung and Mr. CHENG Tsang Wai.

*Please also refer to the published version of this announcement in
The Standard and Hong Kong Economic Times.*