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TONIC

TONIC INDUSTRIES HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 978)

RESULTS OF THE RIGHTS ISSUE

The Directors are pleased to announce that the Rights Issue has closed and become unconditional at 4:00 p.m. on Wednesday, 16 March 2005.

152 valid acceptances of provisional allotment of Rights Shares have been received for a total of 303,403,898 Rights Shares and 188 valid applications for excess Rights Shares have been received for a total of 206,058,583 Rights Shares, resulting in a total of valid applications for 509,462,481 Rights Shares. Accordingly, the Rights Issue was approximately 1.6 times subscribed. As a result of the over-subscription of the Rights Shares, Success Forever's obligations under the Underwriting Agreement have been discharged.

The share certificates of the Rights Shares will be despatched to the addresses (as shown on the register of members of the Company) of those persons who have accepted or applied for and paid for the Rights Shares by ordinary post on Thursday, 17 March 2005 at their own risk. Dealings in the Rights Shares, in their fully-paid form, are expected to commence at 9:30 a.m. on Monday, 21 March 2005.

Reference is made to the announcements of the Company dated 28 January 2005 and 25 February 2005, and the prospectus (the "Prospectus") issued by the Company dated 25 February 2005 in relation to the Company's rights issue of 317,629,987 Rights Shares at HK\$0.20 each on the basis of one Rights Share for every two existing Shares held on the Record Date. Capitalised terms used herein shall have the same meanings as those defined in the Prospectus unless otherwise stated.

RESULTS OF THE RIGHTS ISSUE

The Directors are pleased to announce that all of the conditions set out in the Underwriting Agreement have been fulfilled and the Underwriting Agreement has not been terminated in accordance with its terms. The Rights Issue has closed and become unconditional at 4:00 p.m. on Wednesday, 16 March 2005.

As at 4:00 p.m. on Monday, 14 March 2005, being the latest time for acceptance of, and payment for, the Rights Shares, 152 valid acceptances of provisional allotment of Rights Shares have been received for a total of 303,403,898 Rights Shares and 188 valid applications for excess Rights Shares have been received for a total of 206,058,583 Rights Shares, resulting in a total of valid applications for 509,462,481 Rights Shares. Accordingly, the Rights Issue was approximately 1.6 times subscribed. Such acceptances and applications include: (i) 144,460,507 Rights Shares accepted and paid for and 206,058,583 excess Rights Shares applied for by the Qualifying Shareholders other than Success Forever; and (ii) 158,943,391 Rights Shares accepted and paid for by Success Forever.

The Rights Shares accepted and paid for by Success Forever represent the number of Rights Shares which Success Forever had indicated to accept in the Rights Issue. As a result of the over-subscription of the Rights Shares, Success Forever's obligations under the Underwriting Agreement have been discharged.

Regarding 188 valid applications for 206,058,583 Rights Shares applied for by way of excess application, the Directors have resolved to allot to the applicants such number of Rights Shares in the following manner:

| Number of excess Rights Shares applied for | Number of valid application(s) | Total number of Rights Shares allotted | Approximate percentage of allocation based on the total number of excess Rights Shares applied for in this category | Allotment basis |
|---|---------------------------------------|---|--|---|
| 1 – 1,999 | 12 | 17,824 | 100.00% | 100% |
| 2,000 – 29,999 | 46 | 153,570 | 32.43% | Odd lot in full plus 6.85% of the remaining Rights Shares applied for (rounded up to nearest board lot) |
| 30,000 – 24,999,999 | 129 | 8,946,641 | 6.85% | Odd lot in full plus 6.85% of the remaining Rights Shares applied for (rounded down to nearest board lot) |
| 74,936,548 | 1 | 5,108,054 | 6.82% | Approximately 6.82% |
| Total | 188 | 14,226,089 | | |

SHAREHOLDING STRUCTURE

The following is a table showing the changes in the shareholding structure of the Company immediately before and after completion of the Rights Issue:

| | Immediately before completion of the Rights Issue | | Immediately after completion of the Rights Issue | |
|-----------------------|--|---------------|---|---------------|
| | <i>Number of Shares</i> | <i>%</i> | <i>Number of Shares</i> | <i>%</i> |
| Success Forever | 317,886,782 | 50.04 | 476,830,173 | 50.04 |
| EHL (<i>Note 1</i>) | 129,602,869 | 20.40 | 194,404,303 | 20.40 |
| Other Directors | 3,141,920 | 0.50 | 5,899,000 | 0.62 |
| <i>Sub-total</i> | 450,631,571 | 70.94 | 677,133,476 | 71.06 |
| Public Shareholders | 184,628,404 | 29.06 | 275,756,486 | 28.94 |
| Total | 635,259,975 | 100.00 | 952,889,962 | 100.00 |

Note 1: 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.

DESPATCH OF CERTIFICATES OF RIGHTS SHARES AND COMMENCEMENT OF DEALINGS IN THE RIGHTS SHARES IN FULLY-PAID FORM

The share certificates of the Rights Shares will be despatched to the addresses (as shown on the register of members of the Company) of those persons who have accepted or applied for and paid for the Rights Shares by ordinary post on Thursday, 17 March 2005 at their own risk. Dealings in the Rights Shares on the Stock Exchange, in their fully-paid form, are expected to commence at 9:30 a.m. on Monday, 21 March 2005.

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

Hong Kong, 17 March 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.*