

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

TONIC

TONIC INDUSTRIES HOLDINGS LIMITED

*(Incorporated in the Cayman Islands
with limited liability)*
(Stock Code: 978)

SKILL CHINA LIMITED

*(Incorporated in the British Virgin Islands
with limited liability)*

PROPOSED CAPITAL REORGANISATION;

PROPOSED GROUP REORGANISATION AND CREDITOR SCHEME; AND

**PROPOSED SUBSCRIPTION OF NEW SHARES AND APPLICATION FOR
THE GRANTING OF THE WHITEWASH WAIVER**

THE SUPPLEMENTAL DEED IN RELATION TO THE ESCROW AGREEMENT

AND

STANDSTILL LETTER RECEIVED FROM THE BANK CREDITORS

**Financial adviser to
Tonic Industries Holdings Limited**



SOMERLEY LIMITED

**Financial adviser to
Skill China Limited**

Quam  **華富嘉洛
CAPITAL 企業融資**

THE SUPPLEMENTAL DEED IN RELATION TO THE ESCROW AGREEMENT

On 26 February 2010 after trading hours, the Escrow Agent, the Subscriber and the Company entered into the Supplemental Escrow Deed for the purposes of effecting certain amendments to the terms of the Escrow Agreement.

STANDSTILL LETTER RECEIVED FROM THE BANK CREDITORS

The Board wishes to inform the Shareholders and potential investors that the Company has received the Standstill Letter from certain bank creditors that, in order to facilitate the proposed restructuring and communicate a positive message to the stakeholder of the Group, in principle, each of the bank creditors will not make demand (or further demand) or take any other action (or seek further security) against the Retained Group for 3 months from the date of the Standstill Letter, unless otherwise extended in writing.

Shareholders and potential investors should be aware that the Subscription is subject to certain conditions being fulfilled or waived (if applicable) and may or may not be completed and hence Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

Reference is made to the joint announcement (the “Joint Announcement”) dated 27 January 2010 made jointly by the Company and Skill China Limited in respect of, among other things, the proposed capital reorganisation, the proposed group reorganisation and creditor schemes, the proposed subscription of new shares and application for the granting of the whitewash waiver. Unless otherwise defined, capitalised terms used herein shall have the same meanings as in the Joint Announcement.

THE SUPPLEMENTAL DEED IN RELATION TO THE ESCROW AGREEMENT

As mentioned in the Joint Announcement, on 15 January 2010, the Subscriber, the Company and the Escrow Agent entered into the Escrow Agreement pursuant to which the Escrow Agent shall establish an escrow account and shall deposit the HK\$10,000,000 earnest money that the Subscriber has agreed to pay into such escrow account, and agree to hold all sums standing to the credit of the escrow account from time to time and all rights attaching to such monies beneficially, for the Subscriber.

On 26 February 2010 after trading hours, the Escrow Agent, the Subscriber and the Company entered into a supplemental deed (the “Supplemental Escrow Deed”) for the purposes of effecting certain amendments to the terms of the Escrow Agreement.

Further to the Supplemental Escrow Deed, among other things, the Subscriber has agreed to pay the sum of HK\$10,000,000 as earnest money in five installments to settle the professional fees to be incurred for the implementation of the restructuring proposal set out in the Subscription Agreement.

Upon the receipt by the Escrow Agent of the first installment of the earnest money in the amount of HK\$2,000,000, the Company undertakes that it will not offer to any other party the opportunity to negotiate any terms for the investment in the Group, restructuring of the outstanding indebtedness and/or share capital of any member of the Group before: (a) the close of business (Hong Kong time) on 31 December 2010; or (b) the termination of the Subscription Agreement pursuant to the terms thereof, whichever is earlier.

The Subscriber has paid HK\$2,000,000 as part of the earnest money to the Escrow Agent on 19 January 2010.

STANDSTILL LETTER RECEIVED FROM THE BANK CREDITORS

The Board wishes to inform the Shareholders and potential investors that the Company has received a standstill letter dated 15 January 2010 (the “Standstill Letter”) from certain bank creditors of the Company that, in order to facilitate the proposed restructuring and communicate a positive message to the stakeholders of the Group, in principle, each of the bank creditors will not make demand (or further demand) or take any other action (or seek further security) against the Retained Group (the “Standstill”) for 3 months from the date of the Standstill Letter, unless otherwise extended in writing.

The Standstill may be terminated by 5 days written notice by the majority in number of the bank creditors.

Further announcement(s) will be made to inform the Shareholders and potential investors of any further developments as and when appropriate.

Shareholders and potential investors should be aware that the Subscription is subject to certain conditions being fulfilled or waived (if applicable) and may or may not be completed and hence Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

By order of the board of directors of
Skill China Limited
Chan Wai Dune
Director

Hong Kong, 26 February 2010

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

As at the date of this announcement, there are three directors of the Subscriber namely Dr. So Shu Fai, Mr. Ge Zhang and Mr. Chan Wai Dune.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Concert Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than opinions expressed by the Concert Group) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any such statements in this announcement misleading.

The directors of the Subscriber jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than opinions expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any such statements in this announcement misleading.