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## **TONIC INDUSTRIES HOLDINGS LIMITED**

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

**(Stock Code: 978)**

### **ANNOUNCEMENT WINDING-UP OF A SUBSIDIARY**

This announcement is made pursuant to Rule 13.25(1)(b) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Reference is made to the announcements dated 2 June 2010 (the “Announcement”) made by the Company in respect of, among other things, the recent litigation of the Company and its subsidiaries. Unless otherwise defined, capitalised terms used herein shall have the same meaning as in the Announcement.

#### **Winding-up of a subsidiary of the Company**

The Board wishes to inform the Shareholders and potential investors of the Company that further to the Winding-up Petition filed against TEL dated 28 April 2010, TEL was wound up by the High Court of Hong Kong on 30 June 2010 (the “Winding-up”). Messrs. Huen Ho Yin and Huen Yuen Fun have been appointed as the Joint and Several Provisional Liquidators of TEL by the Official Receiver on the same date.

TEL was engaged in, among others, overseas trading of electronic products with customers in US and Europe, and its operation completely ceased in November 2009. As mentioned in the Company’s circular dated 28 June 2010, the Group’s business strategy is to focus on the manufacturing and domestic sales of set top boxes in the PRC. Due to the cessation of the overseas trading business, the Board considers that the Winding-up of TEL does not have a material adverse impact on the operations of the Group. As TEL is not a member of the Retained Subsidiaries, the Board considers that the Winding-up of TEL does not have a material adverse impact on the restructuring of the Group. The major assets of TEL are the principal office of the Company in Hung Hom (the “Office”) and the car parks in the same building. The Office has been charged under the bank loan from Hang Seng Bank. As mentioned in the joint announcement dated 28 June 2010 made by the Company and Skill China Limited, the principal place of business of the Company in Hong Kong has been changed to Flat K2, Block 2, 2/F., Kaiser Estate, 51 Man Yue Street, Hunghom, Kowloon, Hong Kong, with effect from 1 July 2010. The Board expects a provision will be made in the consolidated financial results of the Group mainly due to an asset impairment loss in respect of the Group’s interests in TEL.

As the value of the revenue of TEL represented more than 5% of the total revenue of the Group as shown in the audited consolidated financial statements of the Group for the year ended 31 March 2009, TEL is deemed to be a “major subsidiary” of the Company for the purpose of Rule 13.25(2) of the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in shares of the Company.

By Order of the Board  
**Tonic Industries Holdings Limited**  
**Ling Siu Man, Simon**  
*Chairman*

Hong Kong, 6 July 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.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement 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 statements in this announcement misleading.*