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

RESULTS OF THE EGM

**Financial adviser to
Tonic Industries Holdings Limited**



**Financial adviser to
Skill China Limited**



Reference is made to the Company's circular (the "Circular") and the notice of EGM (the "Notice") both dated 28 June 2010 in respect of, among other things, the proposed capital reorganisation, the proposed group reorganisation and creditor scheme, 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 defined in the Circular and/or the Notice.

The Board announces that at the EGM held on 26 July 2010, the resolutions set out in the Notice to approve (i) the Capital Reorganisation (the "Special Resolution No. 1"), (ii) the Group Reorganisation (the "Ordinary Resolution No. 2"), (iii) the Subscription Agreement (the "Ordinary Resolution No. 3"); and (iv) the Issue of the Tranche 2 Remuneration Shares and the DTCFL's Remuneration Shares (the "Ordinary Resolution No. 5") were duly passed by the Shareholders at the EGM by way of poll, whilst the resolution to approve the Whitewash Waiver (the "Ordinary Resolution No. 4") was not passed by the Independent Shareholders at the EGM by way of poll. The Company's branch share registrar in Hong Kong, Tricor Tengis Limited, acted as the scrutineer at the EGM for the purpose of vote-taking.

The voting results are summarised as follows:

| Resolution | Number of votes (Shares) cast (Percentage of total number of votes (Shares) cast) | | Total number of votes (Shares) cast |
|--|---|------------------------|---|
| | For | Against | |
| Special Resolution No. 1 as set out in the Notice | 642,350,476 (99.19%) | 5,264,000 (0.81%) | 647,614,476 |
| Ordinary Resolution No. 2 as set out in the Notice | 634,876,476 (98.03%) | 12,738,000 (1.97%) | 647,614,476 |
| Ordinary Resolution No. 3 as set out in the Notice | 634,876,476 (98.03%) | 12,738,000 (1.97%) | 647,614,476 |
| Ordinary Resolution No. 4 as set out in the Notice | 10,792,000 (45.86%) | 12,738,000 (54.14%) | 23,530,000 |
| Ordinary Resolution No. 5 as set out in the Notice | 631,426,476 (98.02%) | 12,738,000 (1.98%) | 644,164,476 |

As at the date of the EGM, the Company had a total of 1,057,889,962 Shares in issue. As no Shareholder was required to abstain from voting on Special Resolution No. 1 or any of Ordinary Resolutions Nos. 2, 3 and 5 at the EGM, the total number of Shares entitling Shareholders to attend and vote for or against Special Resolution No. 1 and Ordinary Resolutions Nos. 2, 3 and 5 at the EGM was 1,057,889,962 Shares, representing 100% of the total issued share capital of the Company as at the date of the EGM. No Shareholder was entitled to attend but was required to vote only against Special Resolution No. 1 and Ordinary Resolutions Nos. 2, 3 and 5 at the EGM.

Only the Independent Shareholders were entitled to vote on Ordinary Resolution No. 4 in respect of the Whitewash Waiver. Accordingly, Mr. Ling and parties acting in concert with him, who were interested in 624,009,476 Shares (representing approximately 58.99% of the issued share capital of the Company), abstained from voting in respect of Ordinary Resolution No. 4, and 433,880,486 Shares held by the Independent Shareholders (representing approximately 41.01% of the issued share capital of the Company) entitled the Independent Shareholders to attend and vote for or against the Ordinary Resolution No. 4 to approve the Whitewash Waiver at the EGM. No Shareholder was entitled to attend but was required to vote only against Ordinary Resolution No. 4 at the EGM.

As more than 75% of the votes were cast in favour of Special Resolution No. 1 and more than 50% of the votes were cast in favour of Ordinary Resolutions Nos. 2, 3 and 5 of the EGM, Special Resolution No. 1 and Ordinary Resolutions Nos. 2, 3 and 5 were duly passed. As more than 50% of the votes were cast against Ordinary Resolution No. 4 of the EGM, Ordinary Resolution No. 4 was not passed.

The following table sets out (i) the shareholding structure of the Company as at the date of this announcement; (ii) the changes thereto as a result of the allotment and issue of the Subscription Shares and the transfer of the Option Shares by the Subscriber to Schemeco assuming the Completion takes place; and (iii) the changes thereto as a result of the allotment and issue of the Remuneration Shares assuming the Completion takes place:

| Name of Shareholders | As at the date of this announcement | | Immediately upon Completion, the allotment and issue of the Subscription Shares and the transfer of the Option Shares by the Subscriber to Schemeco | | Immediately upon the allotment and issue of the Remuneration Shares (Note 4) | |
|-------------------------------|-------------------------------------|---------------|---|---------------|--|---------------|
| | Number of Shares | % | Number of Shares | % | Number of Shares | % |
| The Subscriber | – | – | 846,311,968 | 83.33 | 846,311,968 | 79.21 |
| Schemeco (Note 2) | – | – | 63,473,398 | 6.25 | 63,473,398 | 5.94 |
| Subtotal of the Concert Group | – | – | 909,785,366 | 89.58 | 909,785,366 | 85.15 |
| Success Forever (Note 1) | 618,492,476 | 58.46 | 61,849,247 | 6.09 | 61,849,247 | 5.78 |
| Other Directors (Note 3) | 5,517,000 | 0.53 | 551,700 | 0.05 | 551,700 | 0.05 |
| Somerley | – | – | – | – | 26,447,249 | 2.48 |
| DTCFL | – | – | – | – | 26,447,249 | 2.48 |
| Other public Shareholders | 433,880,486 | 41.01 | 43,388,048 | 4.28 | 43,388,048 | 4.06 |
| Total | <u>1,057,889,962</u> | <u>100.00</u> | <u>1,015,574,361</u> | <u>100.00</u> | <u>1,068,468,859</u> | <u>100.00</u> |

Note:

1. The entire issued share capital of which is beneficially owned by Mr. Ling.
2. As disclosed in the Circular, Schemeco is regarded as a party acting in concert with the Subscriber and Dr. So due to the arrangement contemplated under the Put Option Agreement.
3. Ms. Li Fung Ching, Catherine, Mr. Wong Ki Cheung and Mr. Cheng Tsang Wai, all being Directors, owned 2,142,000 Existing Shares, 1,749,000 Existing Shares and 1,626,000 Existing Shares respectively as at the date of this announcement.
4. If Completion does not take place, (i) Somerley may elect the settlement of professional fees in cash and/or by way of issue of up to 26,447,249 new Existing Shares; and (ii) DTCFL may at its sole and absolute discretion request the Company to settle the DTCFL's fee by either cash of HK\$2,324,000 or the issue of up to 26,447,249 new Existing Shares.

The Subscriber is considering the options whether and how to proceed with the Subscription which, if proceed, will lead to a general offer under the Takeovers Code. Should a general offer crystallise, further announcement(s) pursuant to the Takeovers Code will be made as and when appropriate.

As at the date of this announcement, Completion is still subject to certain conditions precedent being fulfilled (or, if applicable, waived). Details of the conditions precedent of the Subscription Agreement are set out in the Circular. As at the date of this announcement, conditions precedent (3), (4), (5), (6), (8), (9), (10) and (11) as set out in the sub-section headed “3.6 Conditions Precedent” in the Circular have not been fulfilled or, if applicable, waived. Further announcement(s) will be made to inform Shareholders and potential investors of any further developments as and when appropriate. **Shareholders and potential investors should be aware that the Completion is subject to the satisfaction and/or waiver of the conditions precedent set out in the Subscription Agreement which may or may not be obtained. Shareholders and potential investors are therefore 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 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.

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 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 statements in this announcement misleading.