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TONIC

TONIC INDUSTRIES HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 978)

**PROPOSED CAPITAL REORGANISATION;
PROPOSED GROUP REORGANISATION AND CREDITOR SCHEME;
PROPOSED SUBSCRIPTION OF NEW SHARES
AND
PROPOSED ISSUE OF REMUNERATION SHARES**

**UPDATE ON THE PROPOSED SUBSCRIPTION OF NEW SHARES
PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE**

**Financial adviser to
Tonic Industries Holdings Limited**



Reference is made to the circular dated 28 June 2010 jointly published by the Company and the Subscriber (the “**Circular**”), the joint announcement made by the Company and the Subscriber dated 26 July 2010 (the “**Joint Announcement**”) and the announcements of the Company dated 2 August 2010, 11 August 2010, 27 August 2010 and 30 August 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 the proposed issue of remuneration shares. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Circular.

The Board would like to inform Shareholders that, as at the date of this announcement, Completion is still subject to certain conditions precedent (as set out in section 3.6 of the “Letter from the Board” contained in the Circular) being fulfilled or, if applicable, waived. In particular, save for conditions precedent (1), (2) and (7), none of the conditions precedent has been fulfilled or waived as at the date of this announcement.

The Subscriber has yet to determine whether to proceed with the Subscription following the failure to pass the Whitewash Waiver Resolution at the EGM (as stated in the Joint Announcement). The Company understands that, in the event the Subscriber waives the conditions precedent requiring the grant of the Whitewash Waiver and elects to proceed with the Subscription, the Subscriber will comply with all the relevant requirements under the Takeovers Code, including but not limited to, the making of a general offer.

Further announcement(s) will be made from time to time to keep Shareholders informed of developments relating to the Subscription and/or any possible general offer by the Subscriber.

Shareholders and potential investors should be aware that the Completion is subject to the fulfilment 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

Hong Kong, 28 September 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.