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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**

**PROGRESS OF THE CREDITOR SCHEME
AND
APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

**Financial adviser to
Tonic Industries Holdings Limited**



PROGRESS OF THE CREDITOR SCHEME

Further to the Court hearing on 16 November 2010 (Cayman Islands time), the Board is pleased to announce that the Court has sanctioned the Creditor Scheme and confirmed the Capital Reduction.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Board announces that Access Capital Limited has been appointed as the independent financial adviser to advise the independent board committee of the Company in respect of the Offer and the appointment has been approved by the independent board committee of the Company.

Reference is made to the circular dated 28 June 2010 jointly published by the Company and the Subscriber, the joint announcements made by the Company and the Subscriber dated 26 July 2010 and 5 October 2010 (the “**Joint Announcement**”), and the announcements of the Company dated 2 August 2010, 11 August 2010, 27 August 2010, 30 August 2010, 28 September 2010, 12 October 2010 and 28 October 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 Joint Announcement.

PROGRESS OF THE CREDITOR SCHEME

Further to the Court hearing on 16 November 2010 (Cayman Islands time), the Board is pleased to announce that the Court has sanctioned the Creditor Scheme and confirmed the Capital Reduction.

The Company has made an application to the Hong Kong Court for it to hear the Company’s petition to sanction the Creditor Scheme. A hearing date has been fixed on 26 November 2010 (Hong Kong time).

The Company will make further announcements if and when there are material developments in relation to the progress of the Creditor Scheme.

As at the date of this announcement, Completion is still subject to certain conditions precedent being 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.**

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Board announces that Access Capital Limited has been appointed as the independent financial adviser to advise the independent board committee of the Company in respect of the Offer and the appointment has been approved by the independent board committee of the Company.

Shareholders and potential investors are advised to exercise caution in dealing in the Shares as the Offer may or may not proceed and will only be made following Completion, which is subject to fulfillment or, if applicable, waiver of the conditions precedent set out in the Subscription Agreement, and the obligation to make the Offer will only be triggered if Completion taken place.

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

Hong Kong, 17 November 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.