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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)

**Joint announcement in relation to
Completion of the Capital Reorganisation,
the Group Reorganisation and the Subscription**

**Financial adviser to
Tonic Industries Holdings Limited**

 **SOMERLEY LIMITED**

**Financial adviser to
Skill China Limited**

 **Quam**  **華富嘉洛
企業融資**
CAPITAL

COMPLETION OF THE CAPITAL REORGANISATION, THE GROUP REORGANISATION AND THE SUBSCRIPTION

The Board is pleased to announce that all conditions precedent to the Subscription Agreement (including, without limitation, the delivery of a copy of the order sanctioning the Scheme granted by the Court to the Registrar of Companies in the Cayman Islands for registration) have been fulfilled or waived on 3 December 2010. Accordingly, on the same day, completion of the Capital Reorganisation, the Group Reorganisation and the Subscription took place and the Creditor Scheme became effective.

Immediately after Completion, the transfer of the Option Shares by the Offeror to Schemeco and the allotment and issue of the Remuneration Shares, as at the Latest Practicable Date, the Subscriber was interested in 846,311,968 New Shares, representing approximately 79.21% of the enlarged issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Subscriber is required to make an unconditional mandatory cash offer for all the issued New Shares not already owned or agreed to be acquired by the Subscriber.

Quam Securities will, on behalf of the Offeror, make the Offer at HK\$0.10635 in cash per New Share for all the issued Shares other than those already owned by or agreed to be acquired by the Subscriber. The Offer Document will be despatched to the Shareholders on or before 10 December 2010 in accordance with the Takeovers Code. Further announcement will be made after the Offer Document has been despatched.

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, 28 October 2010, 17 November 2010, 22 November 2010 and 29 November 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.

COMPLETION OF THE CAPITAL REORGANISATION, THE GROUP REORGANISATION AND THE SUBSCRIPTION

The Board is pleased to announce that all conditions precedent to the Subscription Agreement (including, without limitation, the delivery of a copy of the order sanctioning the Scheme granted by the Court to the Registrar of Companies in the Cayman Islands for registration) have been fulfilled or waived on 3 December 2010. Accordingly, on the same day, completion of the Capital Reorganisation, the Group Reorganisation and the Subscription took place and the Creditor Scheme became effective.

While the par value of each existing Share has become HK\$0.01 following completion of the Capital Reorganisation on 3 December 2010, existing certificates for the Shares with the old par value of HK\$0.10 will continue to be good evidence of legal title but will cease to be marketable and will not be acceptable for trading and settlement purposes since 10 January 2011.

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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, 3 December 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 its associates) 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 and its associates) 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.