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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

CLOSE OF THE MANDATORY UNCONDITIONAL CASH OFFER BY



**FOR AND ON BEHALF OF SKILL CHINA LIMITED
FOR ALL THE ISSUED SHARES OF HK\$0.01 EACH
IN TONIC INDUSTRIES HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED TO
BE ACQUIRED BY SKILL CHINA LIMITED),
PLACING DOWN BY THE OFFEROR AND RESTORATION
OF PUBLIC FLOAT,
CHANGES TO BOARD COMPOSITION OF THE COMPANY
AND
APPOINTMENT OF CHAIRMAN**

**Financial adviser to
Tonic Industries Holdings Limited**



**Financial adviser to
Skill China Limited**



CLOSE OF THE OFFER

The Offeror and the Company announce that the Offer was closed on Friday, 31 December 2010.

As at 4:00 p.m. on 31 December 2010, being the latest time and date for acceptance of the Offer as set out in the Composite Document, the Offeror had received valid acceptances in respect of 11,216 Shares under the Offer, representing approximately 0.001% of the total issued share capital of the Company as at the date of this joint announcement. The Offer has not been revised or extended.

Remittances in respect of valid acceptances of the Offer (after deducting the seller's ad valorem stamp duty) will be posted to the relevant Shareholders by ordinary post at their own risk as soon as possible but in any event within 10 days after the receipt of duly completed acceptances by the Hong Kong branch share registrar of the Company.

The Offeror confirms that immediately before the commencement of the Offer period (as defined under the Takeovers Code), the Concert Group did not hold, control or direct any Shares and rights over the Shares. As a result of Completion and following transfer of the Option Shares by the Offeror to Schemeco and the allotment and issue of the Remuneration Shares but before the commencement of the Offer, the Offeror was interested in 846,311,968 Shares, representing approximately 79.21% of the entire issued share capital of the Company. Taking into account 11,216 Shares (representing approximately 0.001% of the issued capital of the Company) received from valid acceptances of the Offer, the Offeror was interested in an aggregate of 846,323,184 Shares (representing approximately 79.21% of the entire issued capital of the Company) upon the close of the Offer.

PLACING DOWN BY THE OFFEROR AND RESTORATION OF PUBLIC FLOAT

In order to ensure that immediately upon closing of the Offer, the Shares held by the public hands will not be less than 25% of the Company's entire issued share capital, the Offeror has entered into a placing agreement with Get Nice Securities Limited, who acts as the placing agent for the Offeror to secure other investors on a fully-underwritten basis, who are independent investors not connected with the directors, the chief executives and the substantial shareholders of the Offeror and the Company and their respective subsidiaries and associates (as defined in the Listing Rules), to place, upon closing of the Offer, a sufficient number of Shares held by the Offeror which shall restore the minimum 25% public float.

The Placing was completed after closing of the Offer on 31 December 2010. The Offeror is interested in 739,164,898 Shares, representing approximately 69.18% of the entire issued share capital of the Company, and remains as the controlling Shareholder.

Following the completion of the Placing the changes to board composition of the Company on 1 January 2011, 267,117,215 Shares will be in the hands of the public, representing 25.00% of the entire issued share capital of the Company and of the voting rights which may be exercised at general meetings of the Company. Accordingly, the minimum public float requirement of 25% under Rule 8.08(1)(a) of the Listing Rules will be satisfied.

CHANGES TO BOARD COMPOSITION OF THE COMPANY

As announced in the Joint Announcement, the resignation of the executive Directors, namely, Mr. Ling Siu Man, Simon, Mr. Wong Ki Cheung and Ms. Li Fung Ching, Catherine will become effective from 1 January 2011, being the date after the close of the Offer.

APPOINTMENT OF CHAIRMAN

The Board also announces that Dr. So, the executive Director, has been appointed as the chairman of the Board with effect from 31 December 2010.

CHANGE OF PRINCIPAL OFFICE

The Board announces that the principal place of business of the Company in Hong Kong will be changed to 13/F., Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong with immediate effect.

Reference is made to the joint announcement dated 5 October 2010 and 3 December 2010 issued by the Company and Skill China Limited and the composite offer and response document (the “**Composite Document**”) and joint announcement (the “**Joint Announcement**”) issued by the Company and Skill China Limited both dated 10 December 2010 in relation to, among other things, the Capital Reorganisation, Group Reorganisation and the Subscription and the Offer. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Composite Document.

CLOSE OF THE OFFER

The Offeror and the Company announce that the Offer was closed on Friday, 31 December 2010.

As at 4:00 p.m. on 31 December 2010, being the latest time and date for acceptance of the Offer as set out in the Composite Document, the Offeror had received valid acceptances in respect of 11,216 Shares under the Offer, representing approximately 0.001% of the total issued share capital of the Company as at the date of this joint announcement. The Offer has not been revised or extended.

Remittances in respect of valid acceptances of the Offer (after deducting the seller’s ad valorem stamp duty) will be posted to the relevant Shareholders by ordinary post at their own risk as soon as possible but in any event within 10 days after the receipt of duly completed acceptances by the Hong Kong branch share registrar of the Company.

The Offeror confirms that immediately before the commencement of the Offer period (as defined under the Takeovers Code), the Concert Group did not hold, control or direct any Shares and rights over the Shares. As a result of Completion and following transfer of the Option Shares by the Offeror to Schemeco and the allotment and issue of the Remuneration Shares but before the commencement of the Offer, the Offeror was interested in 846,311,968 Shares, representing approximately 79.21% of the entire issued share capital of the Company. Taking into account 11,216 Shares (representing approximately 0.001% of the issued capital of the Company) received from valid acceptances of the Offer, the Offeror was interested in an aggregate of 846,323,184 Shares (representing approximately 79.21% of the entire issued capital of the Company) upon the close of the Offer.

Save for the Subscription, the transfer of the Option Shares by the Offeror to the Schemeco and the valid acceptances in respect of the 11,216 Shares as referred to above, the Offeror confirms that the Concert Group had no other dealings in the Shares or any convertible securities, warrants, options and derivatives of the Company and have not acquired or agreed to acquire any Shares, rights over Shares or voting rights of the Company during the Offer period.

As at the date of this joint announcement, no Shares or any convertible securities, warrants, options or derivatives issued by the Company had been borrowed or lent by the Concert Group.

PLACING DOWN BY THE OFFEROR AND RESTORATION OF PUBLIC FLOAT

In order to ensure that immediately upon closing of the Offer, the Shares held by the public hands will not be less than 25% of the Company's entire issued share capital, the Offeror has entered into a placing agreement with Get Nice Securities Limited, who will act as the placing agent for the Offeror to secure other investors on a fully-underwritten basis, who are independent investors not connected with the directors, the chief executives and the substantial shareholders of the Offeror and the Company and their respective subsidiaries and associates (as defined in the Listing Rules), to place, upon closing of the Offer, a sufficient number of Shares held by the Offeror which shall restore the minimum 25% public float (the "**Placing**").

The Placing was completed after closing of the Offer on 31 December 2010. The Offeror is interested in 739,164,898 Shares, representing approximately 69.18% of the entire issued share capital of the Company, and remains as the controlling Shareholder.

Following the completion of the Placing and changes to board composition of the Company on 1 January 2011, 267,117,215 Shares will be in the hands of the public, representing 25.00% of the entire issued share capital of the Company and of the voting rights which may be exercised at general meetings of the Company. Accordingly, the minimum public float requirement of 25% under Rule 8.08(1)(a) of the Listing Rules will be satisfied.

The following table sets out the shareholding structure of the Company (i) immediately upon Completion and the transfer of the Option Shares by the Offeror to the Schemeco, but before the commencement of the Offer; (ii) immediately upon the close of the Offer and before the Placing; and (iii) immediately upon the completion of the Placing:

	Immediately upon Completion and the transfer of Option Shares by the Offeror to Schemeco, but before the commencement of the Offer		Immediately upon the close of the Offer and before the Placing		Immediately after the close of the Offer and the completion of the Placing	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
The Offeror	846,311,968	79.21	846,323,184	79.21	739,164,898	69.18
Schemeco (<i>Note 2</i>)	63,473,398	5.94	63,473,398	5.94	63,473,398	5.94
Subtotal of the Concert Group	909,785,366	85.15	909,796,582	85.15	802,638,296	75.12
Success Forever Limited (<i>Note 1</i>)	61,849,247	5.78	61,849,247	5.78	61,849,247	5.78
Other Directors (<i>Note 3</i>)	551,700	0.05	551,700	0.05	551,700	0.05
Placees of the Placing	–	–	–	–	107,158,286	10.03
Other public Shareholders	96,282,547	9.02	96,271,331	9.02	96,271,331	9.02
Total	1,068,468,860	100.00	1,068,468,860	100.00	1,068,468,860	100.00
Total public Shareholders	159,755,945	14.96	159,744,729	14.96	267,117,215	25.00
					(<i>Note 4</i>)	

Note:

- The entire issued share capital of which is beneficially owned by Mr. Ling.
- Schemeco is regarded as a party acting in concert with the Subscriber, pursuant to note 10 to the definition of “acting in concert” as stipulated in the Takeovers Code, by virtue of the transfer of the Option Shares by the Subscriber to the Schemeco. Schemeco is regarded as a public Shareholder.
- Ms. Li Fung Ching, Catherine, Mr. Wong Ki Cheung and Mr. Cheng Tsang Wai, all being Directors, owned 214,200 Shares, 174,900 Shares and 162,600 Shares respectively as at the date of this announcement. Following the close of the Offer, Mr. Cheng Tsang Wai will remain as independent non-executive Director, and Mr. Ling and Mr. Wong Ki Cheung will remain as directors of some subsidiaries of the Company. Accordingly, Mr. Cheng Tsang Wai, Mr. Ling and Mr. Wong Ki Cheung will remain as connected persons of the Company. Ms. Li Fung Ching, Catherine will be regarded as public Shareholder thereafter.
- Total interests of public Shareholders comprise (i) 63,473,398 Shares held by Schemeco; (ii) 214,200 Shares held by Ms. Li Fung Ching, Catherine (following her resignation as Director becoming effective); (iii) 107,158,286 Shares held by the placees of the Placing; and (iv) 96,271,331 Shares held by the other public Shareholders (including Somerley and DTCFL).

CHANGE TO BOARD COMPOSITION OF THE COMPANY

As announced in the Joint Announcement, the resignation of the executive Directors, namely, Mr. Ling, Mr. Wong Ki Cheung and Ms. Li Fung Ching, Catherine will become effective from 1 January 2011, being the date after the close of the Offer.

APPOINTMENT OF CHAIRMAN

The Board also announces that Dr. So, the executive Director, has been appointed as the chairman of the Board with effect from 31 December 2010.

For the particulars of Dr. So, please refer to the Joint Announcement.

CHANGE OF PRINCIPAL OFFICE

The Board announces that the principal place of business of the Company in Hong Kong will be changed to 13/F., Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong with immediate effect.

By order of the Board
Tonic Industries Holdings Limited
So Shu Fai
Chairman

By order of the board of directors of
Skill China Limited
Chan Wai Dune
Director

Hong Kong, 31 December 2010

As at the date of this joint announcement, the Board comprises Dr. So Shu Fai, Mr. Mak Bing Kau, Mr. Ng Wai Hung, Mr. Lau Cheuk Lun, 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 joint announcement, there are three directors of the Offeror 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 joint 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 joint 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 joint announcement the omission of which would make any statements in this joint announcement misleading.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this joint 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 joint 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 joint announcement the omission of which would make any statements in this joint announcement misleading.