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Success Well Investments Limited

(a company incorporated in British Virgin Islands with limited liability)

TONIC INDUSTRIES HOLDINGS LIMITED

東力實業控股有限公司*

(a company incorporated in the Cayman Islands with limited liability)
(Stock Code: 978)

JOINT ANNOUNCEMENT

**(I) Sale and purchase agreements in
relation to the sale and purchase of shares in
Tonic Industries Holdings Limited;
(II) Unconditional mandatory cash offer by**



**for and on behalf of Success Well Investments Limited
for all the issued shares in
Tonic Industries Holdings Limited
(other than those already owned or agreed to be acquired by Success Well
Investments Limited and parties acting in concert with it);
and
(III) Resumption of trading in shares of
Tonic Industries Holdings Limited**

**Joint Financial Advisers to
Success Well Investments Limited**

**Financial Adviser to
Tonic Industries Holdings Limited**



THE S&P AGREEMENTS

The Board was informed by Vendor 1 that, on 24 April 2012, the Purchaser entered into the S&P Agreement 1 with Vendor 1 and the Vendor Guarantor pursuant to which the Purchaser has conditionally agreed to purchase and Vendor 1 has conditionally agreed to sell 707,110,832 Sale Shares at a consideration of HK\$0.251 per Sale Share. On 27 April 2012, the Purchaser entered into the S&P Agreement 2 with Vendor 2 pursuant to which the Purchaser has conditionally agreed to purchase and Vendor 2 have conditionally agreed to procure the sale of 42,738,754 Sale Shares at a consideration of HK\$0.50 per Sale Share. The consideration payable by the Purchaser for the Acquisition amounts to in aggregate HK\$198,854,195.83. The Sale Shares in aggregate represent approximately 70.18% of the entire issued share capital of the Company as at the date of this announcement. As at the date of this announcement, all conditions to the Completion have been satisfied or waived. Pursuant to the terms of the S&P Agreement 1, Completion will take place on the 5th Business Day after the fulfillment or waiver (if applicable) of the last condition precedent, which is expected to be 7 May 2012.

Upon Completion and the completion of S&P Agreement 2, the Purchaser and parties acting in concert with it will own 749,849,586 Shares, representing approximately 70.18% of the entire issued share capital of the Company as at the date of this announcement.

UNCONDITIONAL MANDATORY CASH OFFER

The Purchaser and parties acting in concert with it do not hold any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company as at the date of this announcement. Upon Completion, the Purchaser and parties acting in concert with it will own 707,110,832 Shares, representing approximately 66.18% of the entire issued share capital of the Company as at the date of this announcement. In accordance with Rule 26.1(a) of the Takeovers Code, upon Completion, the Purchaser and parties acting in concert with it will be required to make the Offer for all the issued Shares (other than those Shares already owned by or agreed to be acquired by the Purchaser and parties acting in concert with it).

The principal terms of the Offer are set out in the section headed “Unconditional mandatory cash offer” in this announcement. As at the date of this announcement, there are no outstanding warrants, derivatives or convertibles which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into the Shares.

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the Offer is, or is not, fair and reasonable and as to its acceptance. The Independent Financial Adviser will be appointed by the Company after approval by the Independent Board Committee to advise the Independent Board Committee in respect of the Offer and in particular as to whether the Offer is, or is not, fair and reasonable and as to its acceptance. Further announcement will be made by the Company regarding the appointment of the Independent Financial Adviser as soon as practicable.

It is the intention of the Purchaser and the Company to combine the offer document with the offeree board circular in a composite document. In accordance with Rule 8.2 of the Takeovers Code, the composite document containing, among other things: (i) details of the Offer (including the expected timetable); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Offer; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Offer, together with the relevant form of acceptance and transfer, are required to be despatched to the Shareholders as soon as practicable within 21 days of the date of this announcement or such later date as the Executive may approve.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the issued Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 23 April 2012 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the issued Shares on the Stock Exchange with effect from 9:00 a.m. on 30 April 2012.

1. THE S&P AGREEMENTS

The Board was informed by Vendor 1 that, on 24 April 2012, the Purchaser entered into the S&P Agreement 1 with Vendor 1 and the Vendor Guarantor pursuant to which the Purchaser has conditionally agreed to purchase and Vendor 1 has conditionally agreed to sell 707,110,832 Sale Shares at a consideration of HK\$0.251 per Sale Share. On 27 April 2012, the Purchaser entered into the S&P Agreement 2 with Vendor 2 pursuant to which the Purchaser has conditionally agreed to purchase and Vendor 2 have conditionally agreed to procure the sale of 42,738,754 Sale Shares at a consideration of HK\$0.50 per Sale Share. The consideration payable by the Purchaser for the Acquisition amounts to in aggregate HK\$198,854,195.83.

S&P Agreement 1

Date

24 April 2012 (after trading hours)

Parties

Purchaser: Success Well

Vendor 1: Skill China

Vendor Guarantor: Dr. So

S&P Agreement 2

Date

27 April 2012 (after trading hours)

Parties

Purchaser: Success Well

Vendor 2: Greatest Mark

Sale Shares to be acquired by the Purchaser from the Vendors

Subject to and in accordance with the terms and conditions of the S&P Agreements, the Purchaser has conditionally agreed to purchase and Vendor 1 and Vendor 2 (as legal owner) have conditionally agreed to sell or procure the sale of the Sale Shares, being respectively, 707,110,832 Shares from Vendor 1, representing approximately 66.18% of the entire issued share capital of the Company and 42,738,754 Shares from Vendor 2, representing approximately 4.00% of the entire issued share capital of the Company, which together represent approximately 70.18% of the entire issued share capital of the Company as at the date of this announcement, free from any encumbrance and together with all rights which are on the respective dates of the S&P Agreements or may at any time thereafter become attaching to them. The Vendor Guarantor agreed under the S&P Agreement 1 to guarantee certain obligations of Vendor 1 to compensate the Purchaser for breach of certain terms of the agreement.

Upon Completion and completion of S&P Agreement 2, the Vendors will continue to hold their respective remaining interests in the Company, namely 32,054,066 Shares for Vendor 1 and 18,960,644 Shares for Vendor 2, representing, respectively, approximately 3.00% and 1.77% of the issued share capital of the Company as at the date of this announcement. There are no restrictions on subsequent sale of the respective remaining Shares held by Vendor 1 and Vendor 2 under the terms of the S&P Agreements.

Consideration for the Sale Shares

The consideration for the Sale Shares in the aggregate amount of HK\$198,854,195.83 (equivalent to HK\$0.251 per Sale Share for Vendor 1 and HK\$0.50 per Sale Share for Vendor 2) was determined separately following arm's length negotiations between the Purchaser and Vendor 1 and Vendor 2 respectively with reference to (i) the prevailing market price of the Shares; (ii) the respective investment costs of Vendor 1 and Vendor 2; and (iii) unaudited consolidated net asset value per Share of the Group of approximately HK\$0.0388 as at 30 September 2011 (which is the unaudited consolidated net asset value of the Group as at 30 September 2011 of approximately HK\$41,419,000 as disclosed in the interim report of the Company for the six month ended 30 September 2011 divided by the total number of issued Shares of 1,068,468,860) (the "Latest NAV per Share").

The purchase price of HK\$0.251 per Sale Share under the S&P Agreement 1 represents:

- (a) a discount of approximately 64.65% to the closing price of HK\$0.710 per Share as quoted on the Stock Exchange on 20 April 2012, being the last full trading day prior to the suspension of trading in the Shares on 23 April 2012;
- (b) a discount of approximately 65.52% to the average closing price of the Shares as quoted on the Stock Exchange for the last 5 consecutive full trading days prior to the suspension of trading in the Shares on 23 April 2012, being approximately HK\$0.728 per Share;
- (c) a discount of approximately 64.85% to the average closing price of the Shares as quoted on the Stock Exchange for the last 30 consecutive full trading days prior to the suspension of trading in the Shares on 23 April 2012, being approximately HK\$0.714 per Share;
- (d) a premium of approximately 358.03% over the audited consolidated net asset value per Share of approximately HK\$0.0548 as at 31 March 2011; and
- (e) a premium of approximately 546.91% over the Latest NAV per Share of approximately HK\$0.0388 as at 30 September 2011.

The purchase price of HK\$0.50 per Sale Share under the S&P Agreement 2 represents:

- (a) a discount of approximately 29.58% to the closing price of HK\$0.710 per Share as quoted on the Stock Exchange on 20 April 2012, being the last full trading day prior to the suspension of trading in the Shares on 23 April 2012;
- (b) a discount of approximately 31.32% to the average closing price of the Shares as quoted on the Stock Exchange for the last 5 consecutive full trading days prior to the suspension of trading in the Shares on 23 April 2012, being approximately HK\$0.728 per Share;

- (c) a discount of approximately 29.97% to the average closing price of the Shares as quoted on the Stock Exchange for the last 30 consecutive full trading days prior to the suspension of trading in the Shares on 23 April 2012, being approximately HK\$0.714 per Share;
- (d) a premium of approximately 812.41% over the audited consolidated net asset value per Share of approximately HK\$0.0548 as at 31 March 2011; and
- (e) a premium of approximately 1188.66% over the Latest NAV per Share of approximately HK\$0.0388 as at 30 September 2011.

The consideration for the Sale Shares under the S&P Agreements shall be settled by wire transfer to the respective bank accounts as specified by Vendor 1 and Vendor 2. In respect of Vendor 1, a portion of the total consideration of HK\$177,484,818.83 payable by the Purchaser for the Sale Shares (representing HK\$0.251 per Sale Share for Vendor 1) being the sum of HK\$147,484,818.83, shall be payable on the Completion Date, with the remaining sum of HK\$30,000,000 (which may be adjusted downwards to take into account such sums as may be payable by Vendor 1 to the Purchaser as compensation for breach by Vendor 1 of certain terms of S&P Agreement 1) payable on 4 January 2013. In respect of Vendor 2, the total consideration in the sum of HK\$21,369,377.00 shall be payable upon the completion of S&P Agreement 2 (representing HK\$0.50 per Sale Share for Vendor 2) in full settlement of the Sale Shares under S&P Agreement 2.

Completion

As at the date of this announcement, all conditions to the Completion have been satisfied or waived.

Pursuant to the terms of the S&P Agreement 1, Completion will take place on the 5th Business Day after the fulfilment or waiver (if applicable) of the last condition precedent, which is expected to be 7 May 2012, and completion of the S&P agreement 2 is contemplated to take place on the same completion date of S&P Agreement 1.

2. SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the shareholding structure of the Company upon Completion and completion of S&P Agreement 2 but before the commencement of the Offer (assuming that there is no change in the issued share capital of the Company) are as follows:

	Existing shareholding structure		Shareholding structure upon Completion and completion of S&P Agreement 2 but before the commencement of the Offer	
	Number of Shares	Approximate Shareholding %	Number of Shares	Approximate Shareholding %
Vendor 1 (Note 1)	739,164,898	69.18	32,054,066	3.00
The Purchaser and parties acting in concert with it (Note 2)	–	–	749,849,586	70.18
Vendor 2 (Note 3)	61,699,398	5.77	18,960,644	1.77
Mr. Cheng Tsang Wai (Note 4)	162,600	0.02	162,600	0.02
Success Forever Limited (Note 5)	41,849,247	3.92	41,849,247	3.92
Mr. Wong Ki Cheung (Note 5)	174,900	0.02	174,900	0.02
Other Shareholders	225,417,817	21.10	225,417,817	21.10
Total	<u>1,068,468,860</u>	<u>100.00</u>	<u>1,068,468,860</u>	<u>100.00</u>

Notes:

- As at the date of this announcement, 739,164,898 Shares are directly owned by Skill China. Skill China Limited is wholly-owned by Fortune Alliance and in turn controlled by Jointprofit which is wholly-owned by Dr. So.
- The Purchaser does not own any Shares as at the date of this announcement.
- As at the date of this announcement, 61,699,398 Shares are directly owned by Greatest Mark. Greatest Mark, which is a special purpose company established for the purpose of the creditor scheme of the Company, is controlled by Yeung Lui Ming (Edmund) and Darach E. Haughey (both being the scheme administrators).
- Mr. Cheng Tsang Wai is an independent non-executive Director.
- Mr. Wong Ki Cheung is interested in 174,900 Shares. Mr. Ling Siu Man, Simon, through his wholly owned company Success Forever Limited, is interested in 41,849,247 Shares. Each of Mr. Wong and Mr. Ling is the director to certain subsidiaries of Total Ally Holdings Limited (“Total Ally”) which has been an indirect wholly owned subsidiary of the Company. As announced by the Company on 19 April 2012, the voluntary winding-up of Total Ally was commenced on 19 April 2012 and financial results and position of Total Ally and its subsidiaries (the “Total Ally Group”) have been deconsolidated from those of the Group following the commencement of the liquidation of Total Ally. In light of the particular circumstances including that (i) both Mr. Ling and Mr. Wong have no directorships in the Company or its subsidiaries other than in certain members of the Total Ally Group; (ii) the Group’s management control on Total Ally has been passed to the liquidators of Total Ally since the commencement of the liquidation of Total Ally; and (iii) the financial results and position of Total Ally Group have been deconsolidated from those of the Group following the commencement of the liquidation of Total Ally, the Board is in the process of clarifying whether the respective interests held by Success Forever Limited and Mr. Wong in the Company are regarded as public. In any event, the Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer and will undertake to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offer to ensure that a sufficient public float exists for the Shares.

3. UNCONDITIONAL MANDATORY CASH OFFER

The Purchaser and parties acting in concert with it do not hold or has control or direction over any Shares and other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company as at the date of this announcement. Upon Completion, the Purchaser and parties acting in concert with it will own 707,110,832 Shares, representing approximately 66.18% of the entire issued share capital of the Company as at the date of this announcement.

Under Rule 26.1(a) of the Takeover Code, upon Completion, the Purchaser will be required to make an unconditional mandatory cash offer for all the issued Shares, other than those Shares already owned by or agreed to be acquired by the Purchaser and parties acting in concert with it. The Offer, if and when made, will be unconditional in all respects.

CITIC Securities will, for and on behalf of the Purchaser, make the Offer on the following terms in accordance with Rule 26.1 of the Takeovers Code:

For each Offer Share HK\$0.50, in cash

The Offer Price is the same as the price per Sale Share paid and payable by the Purchaser to Vendor 2 under the S&P Agreement 2 with HK\$0.50 per Offer Share payable in cash to the Shareholders in respect of acceptances of the Offer as soon as possible but in any event within 7 business day (as defined in the Takeovers Code) following the receipt of the relevant documents of title to render each such acceptance complete and valid.

Total consideration

Based on the purchase price of HK\$0.251 per Sale Share for 707,110,832 Shares from Vendor 1, 42,738,754 Shares at HK\$0.50 per Sale Share from Vendor 2 and the Offer Shares of 318,619,274 at the Offer Price of HK\$0.50 each, the Offer is valued at an aggregate amount of approximately HK\$159.3 million, and the entire issued share capital of the Company is valued at approximately HK\$358.2 million. A comparison of the Offer Price to the closing prices of the Shares is set out above under the heading “Consideration for the Sale Shares”.

Confirmation of Financial Resources

The consideration payable under the S&P Agreements and in respect of acceptances under the Offer will be met from the internal resources of the Purchaser. CITIC Securities and ING, as the joint financial advisers to the Offeror, are satisfied that sufficient resources are available to the Purchaser to satisfy full acceptances of the Offer.

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the period commencing six months preceding the commencement of the Offer period i.e. the date of this announcement were HK\$0.850 per Share (on 9 January and 10 January 2012) and HK\$0.630 per Share (on 20 January 2012), respectively.

Effect of accepting the Offer

The Offer to be made upon Completion will be unconditional in all respects. By accepting the Offer, the Shareholders will sell their Shares to the Offeror free from Encumbrances and together with all rights attaching to the Shares as at the date of closing of the Offer, including the rights to receive all dividends and distribution declared, made or paid on or after the Completion Date.

Other arrangements

At the date of this announcement,

- (a) neither the Offeror nor any party acting in concert with it holds or has control or direction over any Shares and other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (b) save for the S&P Agreements, neither the Offeror nor any party acting in concert with it has acquired any voting rights in the Company during the 6-month period immediately prior the date of this announcement;
- (c) neither the Offeror nor any party acting in concert with it has borrowed or lent any Shares and other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (d) neither the Offeror nor any party acting in concert with it has received any irrevocable commitment to accept or reject the Offer;
- (e) there is no outstanding derivative in respect of the Shares and other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company entered into by the Offeror or any party acting in concert with it;
- (f) there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares and other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or shares and other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror which might be material to the Offer; and
- (g) there is no agreement or arrangement to which the Offeror is a party, which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer.

Stamp duty

In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by the relevant Shareholders at a rate of 0.1% of: (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, and will be deducted from the cash amount payable by the Offeror on behalf of the relevant Shareholders accepting the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Offer and the transfers of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within 7 business day (as defined in the Takeovers Code) following the receipt of the relevant documents of title to render each such acceptance complete and valid.

Overseas Shareholders

Shareholders who have registered addresses outside Hong Kong and wish to accept the Offer should satisfy themselves as to the full observance of the applicable laws and regulations of the relevant jurisdiction in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer of other taxes due by such accepting Shareholders in respect of such jurisdiction).

Any acceptance by any Shareholder will be deemed to constitute a representation and warranty from such Shareholder to the Offeror that the local laws and requirements have been complied with. The Shareholders should consult their professional advisers if in doubt.

4. INFORMATION ON THE VENDORS

Vendor 1

Dr. So acquired the controlling stake in the Company in 2010 by the subscription of new Shares in the Company under the debt restructuring proposal of the Company in June 2010. Details relating to the debt restructuring of the Company were set out in the Company's circular dated 28 June 2010. Dr. So was appointed to the Board on 11 December 2010 and has been the Chairman of the Company since 31 December 2010. Skill China directly owns 739,164,898 Shares. Skill China is wholly owned by Fortune Alliance. Fortune Alliance is owned as to (i) 90% equity interest by Jointprofit which is directly wholly owned by Dr. So; (ii) 5% equity interest by Greatkind Limited which is wholly owned by Mr. Ge Zhang; and (iii) 5% equity interest by Cheergreat Limited which is wholly owned by the family trust of Mr. Chan Wai Dune.

Vendor 2

Greatest Mark, which is a special purpose company established for the purpose of the creditor scheme of the Company for the benefit of the scheme creditors, is controlled by Mr. Yeung Lui Ming (Edmund) and Mr. Darach E. Haughey (both being the scheme administrators). Shares held by Greatest Mark (as legal owner) are held on trust for the benefit of the scheme creditors (which include various banks and other suppliers). Each scheme creditor (as defined in the creditor scheme) is entitled to receive dividends (i.e. sharing of the net realizable assets of Greatest Mark after payment of all costs and expenses on a pari passu basis) in accordance with the terms and conditions of the creditor scheme. Details relating to the debt restructuring of the Company and the creditor scheme were set out in the Company's circular dated 28 June 2010. As at the date of this announcement, Greatest Mark directly owns 61,699,398 Shares.

Further details regarding the shareholdings in the Company of the Vendors, Offeror and the parties acting in concert with it are set out in the section headed "Shareholding structure" in this announcement.

5. INFORMATION ON THE GROUP

The Company is an investment holding company incorporated in Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the manufacturing of electronic consumer products and the trading of electrical consumer products.

The Group reported audited net loss before and after taxation of approximately HK\$805.4 million and HK\$790.4 million respectively for the financial year ended 31 March 2010. For the financial year ended 31 March 2011, the Group reported audited net profit before and after taxation of approximately HK\$388.4 million. The unaudited net asset value of the Group as at 30 September 2011 was approximately HK\$41.4 million.

Upon Completion and the completion of the S&P Agreement 2, the Company will become an indirect 70.18% owned subsidiary of CMPD and the financial results of the Group will be consolidated as a subsidiary with the group financial results of CMPD.

6. INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in the BVI with limited liability on 2 February 2012 and is wholly-owned by Good Ease. Good Ease is an investment holding company incorporated in the BVI with limited liability on 2 February 2012 and is wholly-owned by Eureka. Eureka is an investment holding company incorporated in Hong Kong with limited liability on 16 August 1994 and is wholly-owned by CMPD. CMPD, the ultimate holding company of the Offeror, is listed on the Shenzhen Stock Exchange since 1993 and is primarily engaged in real estate development and operation in the PRC. It is the real estate flagship of China Merchants Group ("CMG"), which is the controlling shareholder of CMPD. CMG is a state-owned conglomerate regulated by the national State-Owned Assets Supervision

and Administration Commission (“SASAC”), engaging in three core businesses, being transportation and infrastructure, financial investing and real estate development and operation. CMG is also one of 16 national state-owned enterprises approved by the national SASAC to have real estate as their core business.

As at 31 December 2011, CMPD had property under development with gross floor area of over 10 million square metres across 18 mainland China cities and districts. As at 31 March 2012, the market capitalisation of CMPD was approximately RMB32.0 billion (equivalent to HK\$39.5 billion). CMPD recorded audited profits attributable to shareholders of approximately RMB2.6 billion (equivalent to approximately HK\$3.2 billion) for the financial year ended 31 December 2011. Its audited consolidated net asset value as at 31 December 2011 was approximately RMB24.3 billion (equivalent to approximately HK\$29.9 billion). Eureka is an offshore property arm of CMPD focusing mainly on investment property related business. Eureka has completed property development projects in eight major cities in the PRC. As at 31 December 2011, Eureka recorded audited total asset of approximately HK\$31.1 billion, total liabilities of approximately HK\$26.9 billion and net asset value of approximately HK\$4.3 billion.

As at the date of this announcement, the Offeror does not own any Shares. The Offeror and its ultimate holding company are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

7. OFFEROR’S INTENTION ON THE GROUP

It is the intention of the Offeror that the Group will continue with its existing principal businesses including but not limited to its trading and manufacturing business of consumer electronics products. The Offeror does not intend to introduce any major changes to the existing operations and business of the Company; however, given the scope of the existing principal activities, the Offeror intends to conduct a more detailed review on the operations of the Group with a view to strengthen the existing business operations of the Group and formulate a long term business strategy for the Group. Subject to the result of the review, the Offeror may explore other business opportunities involving but not limited to existing trading and manufacturing business and consider whether any acquisition or investment in assets and/business or co-operation with other business partners by the Group in order to enhance its growth and future development. The Offeror has no intention to discontinue the employment of the employees (save for a change in the composition of the Board) or to dispose of or deploy the assets of the Group other than those in its ordinary course of business based on the current circumstances. The Offeror may consider other possible options regarding the restructuring of the Group structure.

All the existing executive Directors and the independent non-executive Directors will resign from their office with effect from the earliest time permitted under the Takeovers Code. The Offeror intends to nominate four people as executive Directors and such appointments will not take effect earlier than the date of posting of the composite offer document subject to the requirements under the Takeovers Code. In addition, the Offeror is in the process of identifying other suitable candidates as independent non-executive Directors. A separate announcement will be made if such appointments are finalized.

8. MAINTENANCE OF THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer and will undertake to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offer to ensure that a sufficient public float exists for the Shares.

The Stock Exchange has stated that if, upon the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the issued Shares are held by the public or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend trading in the Shares.

9. GENERAL

The Independent Board Committee and the Independent Financial Adviser

Rule 2.8 of the Takeovers Code requires the Company to establish an independent committee of the Board to give a recommendation to the Independent Shareholders on the Offer and that such independent committee should comprise all the independent non-executive Directors who have no direct or indirect interest in the Offer other than as a Shareholder. The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of the Offer, in particular as to whether the Offer is, or is not, fair and reasonable and as to its acceptance.

The Independent Financial Adviser will be appointed by the Company after approval by the Independent Board Committee to advise the Independent Board Committee in respect of the Offer and in particular as to whether the Offer is, or is not, fair and reasonable and as to its acceptance. Further announcement will be made by the Company regarding the appointment of the Independent Financial Adviser as soon as practicable.

Despatch of the composite document

It is the intention of the Offeror and the Company to combine the offer document with the offeree board circular in a composite document. In accordance with Rule 8.2 of the Takeovers Code, the composite document containing, among other things: (i) details of the Offer (including the expected timetable); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Offer; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Offer, together with the relevant form of acceptance and transfer, are required to be despatched to the Shareholders as soon as practicable within 21 days of the date of this announcement or such later date as the Executive may approve.

Dealings disclosure

In accordance with Rule 3.8 of the Takeovers Code, associates (as defined under the Takeovers Code) of the Company and the Offeror (including persons who own or control 5% or more of any class of relevant securities issued by the Company or the Offeror) are hereby reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

10. SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the issued Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 23 April 2012 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the issued Shares on the Stock Exchange with effect from 9:00 a.m. on 30 April 2012.

11. DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition”	the sale and purchase of the Sale Shares contemplated under the S&P Agreements
“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“BVI”	British Virgin Islands
“CMPD”	招商局地產控股股份有限公司 (China Merchant Property Development Co., Ltd.), a company incorporated in the PRC with limited liability, with shares listed on the Shenzhen Stock Exchange
“CITIC Securities”	CITIC Securities Corporate Finance (HK) Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined in schedule 5 of the SFO, and the joint financial adviser to the Offeror in connection with the Offer
“Company”	Tonic Industries Holdings Limited (Stock Code: 978), an exempted company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the S&P Agreement 1
“Completion Date”	the date of Completion, being the 5th Business Day after the fulfillment or waiver (if applicable) of the last condition precedent of the S&P Agreement 1, or such other date as may be agreed in writing between the Vendors and the Purchaser
“Directors”	directors of the Company
“Dr. So” or “Vendor Guarantor”	蘇樹輝博士 (Dr. So Shu Fai), an executive Director and Chairman of the Company

“Encumbrances”	any mortgage, charge, pledge, lien, (otherwise than arising by statute or operation of law), equities, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same
“Eureka”	Eureka Investment Company Limited (瑞嘉投資實業有限公司), a company incorporated in Hong Kong with limited liability and is wholly-owned by CMPD
“Executive”	means the Executive Director of the Corporate Finance Division of the SFC and any of its delegates
“Fortune Alliance”	Fortune Alliance Group Limited, a company incorporated in the BVI with limited liability
“Good Ease”	Good Ease Holdings Limited, a company incorporated in the BVI with limited liability and is wholly-owned by Eureka
“Greatest Mark” or “Vendor 2”	Greatest Mark Limited, a company incorporated in Hong Kong with limited liability and the legal owner of such number of Sale Shares to be sold by Vendor 2 under the S&P Agreement 2
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, established to give a recommendation to the Independent Shareholders regarding the terms of the Offer
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company for the purpose of advising the Independent Board Committee in respect of the Offer
“Independent Shareholders”	Shareholders other than the Offeror and parties acting in concert with it

“ING”	ING Bank, N.V., a registered institution under the SFO, registered to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities, being a joint financial adviser to the Offeror in connection with the Offer
“Jointprofit”	Jointprofit Limited, a company incorporated in the BVI with limited liability and wholly and beneficially owned by Dr. So
“Last Trading Day”	20 April 2012, being the last trading day of the Shares immediately prior to the suspension of trading in the Shares on the Stock Exchange at 9:00 a.m. on 23 April 2012
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer”	the unconditional mandatory cash offer to be made by CITIC Securities for and on behalf of the Offeror for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code
“Offer Price”	the price at which the Offer will be made, being HK\$0.50 per Offer Share
“Offer Share(s)”	issued Share(s) other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it
“PRC”	the People’s Republic of China which, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Purchaser” or “Offeror” or “Success Well”	Success Well Investments Limited, a company incorporated in the BVI with limited liability directly wholly-owned by Good Ease and is an indirect wholly-owned subsidiary of CMPD
“S&P Agreement 1”	the conditional sale and purchase agreement entered into between the Purchaser, Skill China and Dr. So on 24 April 2012
“S&P Agreement 2”	the sale and purchase agreement entered into between the Purchaser and Greatest Mark on 27 April 2012
“S&P Agreements”	the S&P Agreement 1 and the S&P Agreement 2
“Sale Shares”	the legal and beneficial interests of 749,849,586 issued Shares representing approximately 70.18% of the total issued share capital of the Company owned by the Vendors prior to Completion and the completion of the S&P Agreement 2
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Future Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of the issued Shares
“Skill China” or “Vendor 1”	Skill China Limited, a company incorporated in the BVI with limited liability which is 90% indirectly beneficially owned by Dr. So, and is a substantial Shareholder (as defined in the Takeovers Code and the Listing Rules)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers
“Vendors”	collectively, Vendor 1 and Vendor 2

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

By Order of the board of directors of
Success Well Investments Limited
Huang Peikun
Director

By Order of the Board
Tonic Industries Holdings Limited
Dr. So Shu Fai
Chairman

Hong Kong, 27 April 2012

As at the date of this announcement, the Board comprises Dr. So Shu Fai, Mr. Mak Bing Kau, Mr. Ng Wai Hung and Mr. Lau Cheuk Lun as executive Directors and Mr. Pang Hon Chung, Mr. Cheng Tsang Wai and Dr. Chung Hing Wah, Paul as independent non-executive Directors.

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than the information relating to the Offeror and the Vendors, and parties acting in concert with each of them), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Offeror and the Vendors, and parties acting in concert with each of them) 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 statement contained in this announcement misleading.

As at the date of this announcement, the directors of the Offeror are Mr. Huang Peikun and Mr. Liu Zhuogen.

All the directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than the information relating to the Group and the Vendors, and parties acting in concert with each of them), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Group and the Vendors, and parties acting in concert with each of them) 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 such statement contained in this announcement misleading.

As at the date of this announcement, the directors of the Vendor 1 are Dr. So Shu Fai, Mr. Ge Zhang and Mr. Chan Wai Dune.

All directors of Vendor 1 jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than the information relating to the Offeror and Vendor 2, and parties acting in concert with each of them), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Offeror and Vendor 2, and parties acting in concert with each of them) 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 statement contained in this announcement misleading.

As at the date of this announcement, the directors of the Vendor 2 are Mr. Yeung Lui Ming (Edmund) and Mr. Darach E. Haughey.

All directors of Vendor 2 jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than the information relating to the Group, the Offeror and Vendor 1, and parties acting in concert with each of them), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Group, the Offeror and Vendor 1, and parties acting in concert with each of them) 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 statement contained in this announcement misleading.

** for identification purposes only*