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TONIC
TONIC INDUSTRIES HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 978)

TERMINATION OF DISCLOSABLE TRANSACTION

The Board announces that the Agreement entered into between Tonic Venture, an indirect wholly-owned subsidiary of the Company, Cove Partners and Cove Sunrise dated 9 May 2007 in relation to Tonic Venture agreed to subscribe for 675 shares in Cove Sunrise, representing 45% of the total capital stock of Cove Sunrise has been terminated.

Reference is made to the announcement of the Company dated 10 May 2007 and the circular of the Company dated 21 May 2007 (the “Circular”) regarding the subscription of shares in Cove Sunrise. Unless the context requires otherwise, capitalized terms used herein shall have the same meanings as defined in the Circular.

The Board announces that the Agreement entered into between Tonic Venture, an indirect wholly-owned subsidiary of the Company, Cove Partners and Cove Sunrise dated 9 May 2007 in relation to Tonic Venture agreed to subscribe for 675 shares in Cove Sunrise, representing 45% of the total capital stock of Cove Sunrise has been terminated.

Pursuant to the terms of the Agreement, completion of the Agreement is conditional upon the entering into of a shareholders agreement by Cove Sunrise and all the shareholders of Cove Sunrise. As the condition has not been satisfied or waived by all parties of the Agreement on 31 July 2007, the Agreement has been terminated and ceases to be of any effect. Each of the parties of the Agreement confirms to the others that it has no claim of losses, damages and expenses against the others as a result of the termination.

The Board considers that investment in business of development, distribution and retail of consumer products in the USA, Europe and Asia will in the long term bring synergies effect to the Company so it will continue looking for suitable investment opportunity.

By Order of the Board

Ling Siu Man, Simon
Chairman

Hong Kong, 14 September 2007

As at the date of this announcement, the Board comprises Mr. Ling Siu Man, Simon, Mr. Liu Hoi Keung, Gary, Mr. Wong Ki Cheung, Ms. Li Fung Ching, Catherine, Mr. Au Wai Man and Mr. Lam Kwai Wah as Executive Directors and Mr. Pang Hon Chung, Mr. Cheng Tsang Wai and Dr. Chung Hing Wah, Paul as Independent Non-executive Directors.