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

**MEMORANDUM OF UNDERSTANDING FOR  
MOBILE MULTIMEDIA SERVICE IN THE PRC**

On 28 November 2007, Tonic Industries Holdings Limited (the “Company”) entered into a memorandum of understanding (“MOU”) with an independent third party (the “Counter Party”) in respect of the proposed opportunities for cooperation, development and investment (“Proposed Project”) in the area of mobile multimedia service and related businesses in the People’s Republic of China (“PRC”). The MOU is not legally binding between the parties in relation to the Proposed Project. The Company is given the right to conduct due diligence on the Proposed Project and depending on the results, may proceed to negotiate a formal agreement.

The Counter Party is a company established in the PRC with limited liability. To the best knowledge of the directors of the Company, the Counter Party and its beneficial owners are independent third parties who are independent from and not connected with the Company and the connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) of the Company.

**The MOU may or may not lead to any agreement and the transactions contemplated thereunder may or may not proceed. Shareholders and potential investors in the Company are advised to exercise caution when dealing in the shares of the Company.**

By order of the Board  
**Tonic Industries Holdings Limited**  
Ling Siu Man, Simon  
*Chairman*

Hong Kong, 28 November 2007

*As at the date of this announcement, the board of directors of Tonic Industries Holdings Limited 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.*