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TONIC

TONIC INDUSTRIES HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(the “Company”)

ANNOUNCEMENT DISPOSAL OF SHARES BY A SUBSTANTIAL SHAREHOLDER

The Directors have noted the recent increases in the trading volume of shares of the Company. Except for the matter mentioned below, the Company is not aware of any reasons for such increases.

A substantial shareholder sold a total of 25,400,000 shares of the Company to independent investors on 28 August 2003 and 29 August 2003 through on market sales on the Stock Exchange.

This announcement is made at the request of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Directors have noted the recent increases in the trading volume of shares of the Company. The Company has been informed by EganaGoldpfeil (Holdings) Limited (the “Substantial Shareholder”) that it sold a total of 25,400,000 shares of the Company (the “Sales Shares”) (representing about 4% of the existing issued share capital of the Company) through on market sales on The Stock Exchange of Hong Kong Limited on 28 August 2003 and 29 August 2003 at the average price per share of HK\$0.57.

The Substantial Shareholder has no knowledge of the identity of the purchaser(s) of the Sale Shares. To the best knowledge of the Substantial Shareholder, the purchasers of the Sale Shares are independent parties not connected with any directors, chief executive and substantial shareholders of the Company or any of its subsidiaries or their respective associates. The Substantial Shareholder sold the Sale Shares at the average price per share of HK\$0.57, the closing price per share of the Company quoted on the Stock Exchange on 29 August 2003 was HK\$0.56.

As a result of the sale of the Sale Shares, the shareholding of the Substantial Shareholder in the Company has been reduced from approximately 24.4% to approximately 20.4% of the issued share capital of the Company.

The board of directors of the Company (the “Board”) confirms that save as disclosed herein, there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under paragraph 3 of the Listing Agreement, neither is the Board aware of any matter discloseable under the general obligation imposed by paragraph 2 of the Listing Agreement, which is or may be of a price-sensitive nature.

Made by order of the Board of Tonic Industries Holdings Limited, the Directors of which individually and jointly accept responsibility for the accuracy of the information contained in this announcement.

By order of the Board
Liu Hoi Keung, Gary
Company Secretary

Hong Kong, 1 September 2003

*Please also refer to the published version of this announcement in
The Standard and Hong Kong Economic Times.*