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TONIC

TONIC INDUSTRIES HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(the “Company”)

PRACTICE NOTE 19 ANNOUNCEMENT

SUMMARY

This announcement is made pursuant to paragraph 3.7.1 of PN19 of the Listing Rules.

Tonic Electronics Limited (as borrower), Gold Beam Developments Limited and Tonic Appliances Limited and the Company (as guarantors) have entered into an unsecured term loan facility agreement in the amount of HK\$245,000,000 on 3rd December, 2003.

Minimum shareholding requirement on major shareholder under the facility agreement.

This announcement is made pursuant to paragraph 3.7.1 of Practice Note 19 (“PN19”) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

On 3rd December, 2003, Tonic Electronics Limited, a wholly-owned subsidiary of the Company (as borrower), entered into an unsecured term loan facility agreement with a syndicate of 11 international and local banks (the “Agreement”) in the amount of HK\$245,000,000 (the “Facility”). The Facility is unconditionally and irrevocably guaranteed by Gold Beam Developments Limited and Tonic Appliances Limited (both of which wholly-owned subsidiaries of the Company) and the Company on a joint and several basis. The borrower can drawdown the term loan within 3 months after the signing of the Agreement and repayment is by instalment within the next 3½ years after drawdown. The Facility will mature in August, 2007.

This loan provides additional working capital and will be used to refinance the Group’s existing credit facility as it offers a better term and lower interest rate. The Group’s total borrowings at 31st March, 2003 were approximately HK\$398 million.

Under the Agreement, if Mr. Simon Ling Siu Man (“Mr. Ling”) ceases to remain as the single largest beneficial shareholder of the Company, or own directly or indirectly, at least 40% of the issued share capital of the Company or remain as the Chairman of the Company and be actively involved in the management and business of the Group, this would constitute an event of default under the Agreement. Mr. Ling’s shares are not pledged in any form under the Agreement. Mr. Ling currently holds 317,886,782 shares of the Company representing approximately 50.04% of the total issued shares capital.

The above disclosures will be included in subsequent interim and annual reports for so long as circumstances continue to exist.

By order of the Board
Tonic Industries Holdings Limited
Liu Hoi Keung, Gary
Director

Hong Kong, 4th December, 2003

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