

TONIC

TONIC INDUSTRIES HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 978)

ANNOUNCEMENT

SUMMARY

This announcement is made pursuant to Rule 13.18 of the Listing Rules.

Tonic Electronics Limited (as borrower), Gold Beam Developments Limited and Tonic Appliances Limited, Tonic Digital Products Limited, Tonic Trading Development Limited and the Company (as guarantors) have entered into a facility agreement in the amount of HK\$150,000,000 with, inter alia, certain financial institutions on 23 March, 2006.

This announcement is made pursuant to Rule 13.18 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

On 23 March, 2006, Tonic Electronics Limited, a wholly-owned subsidiary of the Company (as borrower) entered into a facility agreement (the “Agreement”) in the amount of HK\$150,000,000 (“Facility”) with, inter alia, certain financial institutions. The credit facility is guaranteed by Gold Beam Developments Limited, Tonic Appliances Limited, Tonic Trading Development Limited and Tonic Digital Products Limited (all of which are wholly-owned subsidiaries of the Company) and the Company. The final maturity date of the Facility is 22 March, 2009. The purpose of the Facility is to refinance a syndicated loan referred as in the Company’s announcement dated 4 December, 2003 with an outstanding amount of HK\$122,500,000, with the balance of the Facility to be used for working capital.

Under the Agreement, any of the following events, amongst other things, would constitute an event of default:–

- if Mr. Simon Ling Siu Man (“Mr. Ling”) ceases to:–
 - remain as the single largest beneficial shareholder of the Company,
 - own directly or indirectly, at least 40% of the issued share capital of the Company free from security;
 - remain as the Chairman of the Company and be actively involved in the management and business of the Group.

Mr. Ling's shares are not pledged in any form pursuant to the Agreement. As at the date of this announcement, Mr. Ling holds 476,830,173 shares in the Company, representing approximately 50.04% of the total issued share capital of the Company.

By Order of the Board
Tonic Industries Holdings Limited
Ling Siu Man, Simon
Director

Hong Kong, 23 March, 2006

As at the date of this announcement, the board comprises seven executive Directors, namely Mr. Ling Siu Man, Simon, Mr. Lee Ka Yue, Peter, Mr. Wong Ki Cheung, Ms. Li Fung Ching, Catherine, Mr. Au Wai Man, Mr. Liu Hoi Keung, Gary and Mr. Lam Kwai Wah, one non-executive Director, namely Mr. Wong Wai Kwong, David and three independent non-executive Directors, namely Mr. Ho Fook Hong, Ferdinand, Mr. Pang Hon Chung and Mr. Cheng Tsang Wai.

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