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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 on 19 March 2008 (after 4:15 p.m. Hong Kong time), Tonic II served notice to terminate the Agreement regarding the proposed purchase of 30,000 new shares in Able Top (BVI).

This announcement is made pursuant to Rule 14.36 of the Listing Rules.

Reference is made to the announcement of the Company dated 23 January 2008 and the circular of the Company dated 29 January 2008 (the "Circular") regarding the proposed purchase of 30,000 new shares in Able Top (BVI). Unless the context requires otherwise, capitalized terms used herein shall have the same meanings as defined in the Circular.

The Board announces that on 19 March 2008 (after 4:15 p.m. Hong Kong time), Tonic II, the wholly owned subsidiary of the Company, served notice to Beijing Smartcon, United Joy, Total Victory and Able Top (BVI) to terminate the Agreement.

Pursuant to the terms of the Agreement, the entering into the Formal Investment is conditional upon, among others, Tonic II being satisfied with the results of its due diligence investigation in respect of conditions (i) to (v) stated under the sub-heading of the Conditions Precedent in the Circular. As Tonic II was not satisfied with the result of due diligence, it served notice to terminate the Agreement. Upon the service of termination, Tonic II has no obligations to invest in Able Top (BVI).

The Directors consider that the termination of the Agreement does not have any material adverse impact to the operation and financial position of the Company.

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

Hong Kong, 19 March 2008

*As at the date of this announcement, the Board comprises Mr. Ling Siu Man, Simon, 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.*