

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

TONIC

TONIC INDUSTRIES HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Website: <http://www.tonic.com.hk>

(Stock Code: 978)

This announcement is made in response to the increase in the price and trading volume of the shares of Tonic Industries Holdings Limited (the “Company”).

This announcement is made at the request of The Stock Exchange of Hong Kong Limited.

The board of directors (the “Board”) of the Company has noted today's increases in the price and trading volume of the shares of the Company and wishes to state that the Company is in discussion with an independent third party for the potential acquisition of certain consumer electronic products business. However, the discussion is at a very preliminary stage, no terms of the transaction have been agreed upon and the transaction may or may not proceed. Save and except for the above, the Board is not aware of any reasons for such increases.

Shareholders of the Company and investors are advised to exercise caution when dealing in the shares of the Company.

Save as referred to the above, the Board confirms that 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 the order of the Board of the Company, the directors of which individually and jointly accept responsibility for the accuracy of this announcement.

DIRECTORS

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

By Order of the Board
Ling Siu Man, Simon
Chairman

Hong Kong, 21 March 2007

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