

[For Immediate Release]

**TONIC ANNOUNCES 2007/08 INTERIM RESULTS  
TURNOVER REACHES HK\$1,128 MILLION  
NET PROFIT AT HK\$16 MILLION**

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**Summary**

- Turnover amounted to HK\$1,128 million
  - EBITDA reached HK\$74 million
  - Net profit at HK\$16 million
  - Earnings per share were 1.6 HK cents
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(Hong Kong, 18 December 2007) – Leading audio-visual ODM and OEM manufacturer, Tonic Industries Holdings Limited (“Tonic”/ the “Group”) (Stock Code: 978) today announced its interim results for the six months ended 30 September 2007 (“Period”).

In the Period, the Group achieved a turnover of approximately HK\$1,128 million (2006/07: HK\$1,578 million). EBITDA and profit attributable to shareholders were approximately HK\$74 million (2006/07: HK\$75 million) and HK\$16 million (2006/07: HK\$22 million) respectively. Earnings per share were 1.6 HK cents (2006/07: 2.3 HK cents).

The Board of Directors has resolved not to declare any interim dividend for the six months ended 30 September 2007. (2006/07: nil)

Commenting on the results, **Mr. Simon Ling, Chairman & Managing Director of Tonic**, said, “During the Period, the Group concentrated on developing and producing high-end and high margin products such as iPod products, HD Radio products, HDMI DVD players, ATSC flat panel TVs, LCD-TVs, LCD-TV+DVD combo products, digital satellite receivers, cable set top boxes, coffee espresso machines, humidifier and beer machine.”

The Group’s bid to diversify into high profit margin products helped bring down cost of sales as compared with the last corresponding period despite its cost pressured from hike in raw material costs due to inflation, rising oil price and increased minimum wage level in Guangdong Province.

During the Period, the Group invested substantial resources into research and development of new high-end consumer electronic products such as Internet Radio products, ATSC converter products, DVB products, digital video receivers and Blu-ray Disc player. The Group expects to commence production of the newly developed high-end consumer electronic products in early 2008.

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The management has work hard at identifying and exploring investment opportunities to create synergies for its businesses, which will translate into long term benefits for the Group. In November 2007, the Group entered into a memorandum of understanding (“MOU”) with an independent third party regarding cooperation, development and investment in the offer and support of mobile multimedia service and related businesses for the PRC market (“Proposed Project”). The Group is conducting due diligence evaluation of the Proposed Project and, depending on the results, may proceed to negotiate for a formal agreement.

**Mr. Ling** added, “Looking ahead, to stay competitive in the industry, the Group will continue to keep tight control on production cost and seek to continuously improve operational efficiency and cost effectiveness.”

“The Group will also strive to grasp opportunities bred by the digital broadcasting trend sweeping the world and continue to develop more high-end and high-profit margin product to meet the market needs. At the same time, we will continue to look for suitable opportunities for investing in the business of consumer electronics development, distribution and retail in the USA, Europe and Asia aiming for generating long-term synergies for the Group. We are also ready to embark on investments that can positively impact the Group’s returns in the long run.”

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#### **About Tonic Industries Holdings Limited**

Tonic was listed on the Hong Kong Stock Exchange in October 1997. It mainly engages in the design, manufacture and marketing of a wide range of consumer AV products and home appliances. Products are sold on an ODM and/or OEM basis to overseas importers and manufacturers of well-known brand names such as Emerson, Medion, Memorex, Pioneer, jWIN, RCA, Welkin, Hamilton Beach, Craig, Thomson, Zojirushi, Morphy Richards and Russell Hobbs. Its production facilities, located at Dongguan, the PRC, consist of a total production area of over 3,500,000 sq.ft.

*This media release and the other corporate information of Tonic Group can also be accessed through the following websites:*

*<http://www.tonic.com.hk> or <http://www.irasia.com/listco/hk/tonic>*

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