

**TONIC INDUSTRIES HOLDINGS LTD:
ANOTHER LEGAL CLAIM IS LODGED AGAINST THE COMPANY**

Seven Legal Claims In 7 Months: \$HK26.14 Million Demanded

Just 6 days after [Tonic Industries Holdings Ltd \(\)](#) (Code: 978, Main Board, The Stock Exchange of Hongkong Ltd) announced that it was undergoing a capital reorganisation and that it had raised a \$HK40-loan from Skill China Ltd, another legal claim has been launched against a wholly owned subsidiary of the publicly listed company.

The latest legal claim, Number 24 since August 2009, has come from Strategic Financial Relations Ltd (), which is alleging that it is owed \$HK126,358.20, that sum of money, having been outstanding, in part, at least, since August 5, 2009.

The Plaintiff in Action Number 383, lodged in the District Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), is '*carrying on a business of financial public relations*', it is alleged in the Statement of Claim, attached to the Writ of Summons.

In total, since August 2009, The Tonic Industries Group of Companies has been sued for not less than \$HK26.14 million.

It is alleged in the Statement of Claim of the Plaintiff that, on or about July 7, 2009, it reached an agreement with Tonic Electronics Ltd that it would provide public relations consultancy services at a fee of \$HK18,000 per month excluding any and all out-of-pocket expenses.

However, the Plaintiff is alleging that it has not been paid for its services and, today, it is demanding payment, immediately.

The Tonic Group of Companies has been in financial trouble for some time and Management makes no bones about its problems, listing many of them in numerous official reports.

On December 18, 2009, in the Interim Report of Tonic Industries Holdings Ltd for the 6 months, ended September 30, 2009, it reported that, on a Turnover of about \$HK436,823,000, it logged in a Loss Attributable to Shareholders of about \$HK262,979,000 (2008: Net Profit Attributable to Shareholders of \$HK50,782,000).

As at September 30, 2009, the company was suffering Net Current Liabilities of about \$HK411,733,000 and it had cash and bank balances of about \$HK4,604,000.

At Page 12 of this Interim Report, it is stated that it was enjoying accounts payable of more than 90 days old of a little more than \$HK311.01 million.

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