

For Immediate Release



Tonly Electronics Holdings Limited
(Stock Code: 01249)

Tonly Electronics Announces 2017 Interim Results
Turnover Increased by 17.7% to HK\$2,064.8 Million

Accelerates the Upgrade and Transformation of Audio Products into
Smart Products to Further Expands into IoT market

Results Highlights (For the six months ended 30 June 2017)

Turnover	1H 2017 (HK\$ million)	1H 2016 (HK\$ million)	Change (%)
Audio Products ⁽¹⁾	1,489.5	1,001.9	+48.7
Video Products ⁽²⁾	431.8	657.6	-34.3
Smart Ancillary Products ⁽³⁾	55.3	8.1	+578.6
Other Businesses	88.3	86.9	+1.6
Total	2,064.8	1,754.5	+17.7

(1) Mainly include HTS, micro and mini speakers, wireless speakers, soundbars and headphones

(2) Mainly DVD players and BD player, content set top box (STB) and ABS-s receiver

(3) Mainly smart speakers, smart speaker key parts, smart security and smart gateways

- Gross profit increased 19.1% year-on-year to approximately HK\$308.9 million, gross profit margin rose 0.2 percentage point to 15.0%.
- Profit attributable to owners of the parent increased 19.7% to HK\$78.9 million.
- Turnover of audio products surged 48.7% to approximately HK\$1,489.5 million, sales of wireless speakers, soundbars and headphones grew rapidly.
- Actively explored the smart audio speaker business and worked closely with renowned internet enterprises to develop smart audio technology, aiming to become the core architect of the smart ecosystem.
- Smart speakers, smart security and smart gateways will help create a new IoT (Internet of things) experience, bringing substantial growth prospect to the Group's future business.

(26 July 2017, Hong Kong) **Tonly Electronics Holdings Limited** ("Tonly Electronics" or "the Group"; SEHK stock code: 01249) today announced its unaudited interim results for the six months ended 30 June 2017 (the period under review).

During the period under review, the Group's turnover amounted to approximately HK\$2,064.8 million, increased by 17.7% year-on-year (yoy). Gross profit grew by 19.1% yoy to approximately HK\$308.9 million, while gross profit margin widened from 14.8% in the same period last year to 15.0%. Operating profit rose by 21.7% yoy to approximately HK\$103.8 million. Profit attributable to owners of the parent climbed by 19.7% yoy to approximately HK\$78.9 million.

The Group actively developed audio product and intelligent ancillary products during the period under view. Benefitting from the shipments to new customers and success in new business expansion, the Group recorded a 17.7% growth in turnover. The Group focused on the development of soundbars, headphones, and wireless speakers, and provided products design and production for distinguished international brands. Audio products recorded an increase of 48.7% yoy to HK\$1,489.5 million, reflecting a fruitful result in the pursuit of new customers and exploration of new products in audio products.

Leveraging on strong R&D team in the audio field and the pioneer advantages in smart audio speaker, the Group continued to expand the smart speaker business by entering into cooperation with increasing number of renowned internet enterprises, or become partners with them in the smart assistant ecosystem during the period under review. Smart ancillary products contributed approximately HK\$55.3 million to the Group during the period under review. While smart speaker business is currently in its early stage of development with minimal contribution to the turnover, the Group believes in the vast potential of smart speaker market and will continue to engage in R&D to open up more opportunities.

As the traditional DVD market continued to diminish, the Group makes use of its technological strengths and economies of scale to expand the market with reasonable profit margin. This business can bring recurrent cash flow to the Group. However, the Group strictly controlled the investments on related products in order to focus its resources on other business segments with higher development potential.

During the period under review, the Group was committed to improving the system of labour forces, and continued to raise the proportion of automated equipment and strengthened the stability of skilled workers to boost its per capita production efficiency. The Group is devoted to optimising its equipment maintenance and management systems in order to increase the actual production capacity of Huizhou production base. With the completion of phase one extension and full operation, Huizhou production base allows the Group to expand its product line and integrate its supply chain, complementing supply chain management to

increase production efficiency. Meanwhile, the Group took advantage of its global supply chain to strengthen its overseas operational capability. The establish of production lines in its factory in Indonesia enabled the Group to procure raw materials locally and expand new customers to bring substantial shipment growth in the region, which will further consolidate the market presence and lay a solid foundation for the expansion into Southeast Asian markets.

The management of Tonly Electronics stated: “The Group will diligently develop the business of smart ancillary products, especially the smart audio speakers and other voice-related smart products. As the entrance of the new generation of human-computer interaction, smart speakers bring convenience to every level of a user’s life in a natural manner, and by combining big data analysis, cloud technology, artificial intelligence, as well as the Group’s principle R&D products including smart door locks and smart gateways, it will shape the future of IoT products. We are confident about the development potential of the IoT market. We will persist in strengthening the technological advantages we have in smart speakers while entering business cooperation with prominent internet enterprises, so that we will grow into the core architect of the smart speaker ecosystem. We believe that audio products and smart ancillary products will become the most important business segment, and bring robust growth to the Group.”

- End -

About Tonly Electronics

Tonly Electronics Holdings Limited (stock code: 01249), a high-tech smart products manufacturer with competitive industrial advantages, is principally engaged in the research and development, manufacturing and sales of audio and video products as well as wireless smart interconnectivity products. It is also developing into smart business. The Group is committed to becoming a one-stop smart IoT solutions provider based on the electroacoustic and wireless technologies. Its ultimate controlling shareholder is TCL Corporation (a company listed on the Shenzhen Stock Exchange, Stock code 000100.SZ).

For more information, please visit its website at www.tonlyele.com.

For further information, please contact:

Cornerstones Communications Ltd.

Sam Choi / Sharis Siu / Sara Qian

T: (852) 2903 9289 / 2903 9292 / 2903 9282

E: tonly@cornerstonescom.com

