

For Immediate Release



Tonly Electronics Holdings Limited
(Stock Code : 01249)

Tonly Announces Sales Revenue from Major Products for Third Quarter and First Three Quarters in 2018 (Unaudited)

(11 October 2018, Hong Kong) **Tonly Electronics Holdings Limited** (“Tonly Electronics” or “the Group”; SEHK stock code: 01249) announced its unaudited sales revenue ended 30 September 2018 for its major products. **The following products do not encompass all of the Group’s business and the information below does not completely reflect the Group’s performance during the period under review.**

Sales revenue of the major products of the Group was HK\$2,352 million for the third quarter in 2018, increased by 48.0% compared with the same period of last year. Sales revenue of the major products of the Group in the first three quarters of the year was HK\$5,139 million, representing a 41.8% rise year-on-year (YoY). The growth was mainly attributable to the Group’s ‘new audio’, and ‘smart products’ business.

Sales revenue for audio products for the third quarter in 2018 rose by 41.9% YoY to HK\$1,760 million, while its sales revenue increased by 31.6% YoY to HK\$3,547 million in the first three quarters of the year. The increase was mainly attributable to the overall growth of new audio products such as wireless bluetooth speakers, soundbar and headphones, but the traditional audio business declined because of the shrinking market

Sales revenue of video products fell by 38.3% YoY to HK\$86 million for the third quarter in 2018, and it recorded a decrease of 38.0% to HK\$333 million for the first three quarters in 2018. The fall was mainly due to the general downturn of the video disc players market.

Due to the rapid growth of the smart audio products business, the smart products business recorded a high growth and its sales revenue surged by approximately 2.8 times YoY to approximately HK\$390 million for the third quarter in 2018. Sales revenue of the said products in the first three quarters rose by 4.3 times YoY to HK\$957 million. The Group will continue to capture the market opportunity as well as to break through on smart business.

Since the beginning of this year, the Group has vigorously developed the components business due to the rapid growth of the global market for smart products. Due to the relocation of the FP factory in Dongguan in the second half of 2018, the components produced in the new FP factory were mostly

changed for the internal use, instead of being sold to the outside customers, so the revenue growth of the total components business slowed down. Sales revenue of components products rose by 8.2% YoY to approximately HK\$116 million for the third quarter in 2018. Sales revenue of the said products in the first three quarters of the year rose by 44.3% YoY to HK\$302 million. The Group will keep on expanding the investment on the components related to the smart products to expand its business scale.

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Unaudited Sales Revenue (HK\$'000)	2018 Q3	2017 Q3	Change YoY (%)	2018 3Qs	2017 3Qs	Change YoY (%)
Audio Products⁽¹⁾						
– Traditional audio products	186,199	256,647	-27.4%	392,842	554,190	-29.1%
– New audio products	1,573,950	983,373	60.1%	3,154,455	2,142,056	47.3%
Subtotal	1,760,149	1,240,020	41.9%	3,547,297	2,696,246	31.6%
Video products⁽²⁾	85,899	139,145	-38.3%	332,796	536,553	-38.0%
Smart products⁽³⁾	389,948	102,450	280.6%	956,802	181,826	426.2%
Components products⁽⁴⁾	115,864	107,123	8.2%	302,179	209,416	44.3%
Total	2,351,860	1,588,738	48.0%	5,139,074	3,624,041	41.8%

(1) Mainly include home theatre, mini speakers, wireless speakers, soundbar, and headphones

(2) Mainly include DVD player and BD player, OTT set top box (STB)

(3) Mainly include smart voice speakers and I.O.T products.

(4) Mainly include new form surface structural parts, speakers and smart module

*Partial smart products sales in 2017 were reclassified to components products for the reason of product form adjustment.

Note: The above products do not encompass all of the Group's business and the information above does not completely reflect the performance of the Group during the period under review. The above information is unaudited.

About Tonly Electronics

Tonly Electronics Holdings Limited (SEHK 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 / Lizzy Ke

T: (852) 2903 9289 / 2903 9292 / 2903 9281

E: ir@tonlyele.com/tonly@cornerstonescom.com

