



Tonly Electronics Holdings Limited
(Stock Code: 01249)

Tonly Electronics Announces 2018 Annual Results
Turnover Increased by 23.5% to HK\$7,303 Million

Consolidates Position in New Audio Market
Expands Cross-field Utilisation of Smart Voice

Results Highlights (For the year ended 31 December 2018)

Turnover	2018 (HK\$ '000)	2017 (HK\$ '000)	Change (%)
Audio Products ⁽¹⁾	5,543,219	4,474,557	23.9%
Headphones	704,688	299,824	135.0%
Video Products ⁽²⁾	382,102	684,965	-44.2%
IoT Related Products ⁽³⁾	175,589	83,458	110.4%
Ancillary products⁽⁴⁾	462,534	321,654	43.8%
Other businesses	34,819	48,021	-27.5%
Total	7,302,951	5,912,479	23.5%

(1) Mainly include smart voice speakers, wireless speakers, soundbars, home theatres, and mini speakers

(2) Mainly include DVD players, BD players, OTT set top boxes (STB), and other products

(3) Mainly include smart plugs, smart gateways and other I.o.T products

(4) Mainly include fabric covering for external sales, plastic injection structural parts, speakers, wireless modules, and other components

- Profit attributable to owners of the parent increased 12.3% to HK\$223.1 million.
- The smart audio speaker business maintained a relatively rapid growth and the proportion of its revenue to the Group's total revenue increased to 16.2%.
- The ancillary product business which is ancillary to the smart products business acquired remarkable results, up 43.8% to HK\$462.5 million.
- Smart speakers, headphones and soundbars grew rapidly.
- The board of Directors proposed a final dividend of HK30.0 cents per share based on the number of shares as at 31 December 2018.

(15 March 2019, Hong Kong) **Tonly Electronics Holdings Limited** ("Tonly Electronics" or "the Group"; SEHK stock code: 01249) today announced its audited annual results for the year ended 31 December 2018 ("the year under review").

During the period under review, the Group recorded a turnover of approximately HK\$7,303.0 million, representing a year-on-year growth of 23.5% which was primarily due to the growth in the new audio, smart audio speaker, headphones and ancillary product businesses. Gross profit amounted to approximately HK\$831.6 million, representing a year-on-year growth of 0.8%. Gross profit margin decreased by 2.5% from 13.9% in the same period last year to 11.4% which was mainly due to factors such as the fluctuations in the exchange rate of Renminbi as well as the rising costs of raw material and labour. In spite of this, profit attributable to the owners of the holding company still increased by 12.3% year-on-year to HK\$223.1 million.

Benefiting from the rapid growth in the global market of smart products and the advantage of leading product technology and the initial market layout, the smart audio speaker business of the Group maintained a relatively rapid growth and the proportion of the revenue generated by it to the total turnover of the Group also increased to 16.2%. Meanwhile, the ancillary product business which is ancillary to the smart product business also benefited from the overall market growth and entered into the supply chain of one mainstream customer in the voice recognition field, especially in respect of precision plastic injection, structural parts with new form and speaker units which acquired remarkable results. In addition, the shipments of Bluetooth headphones of the Group maintained a rapid growth. The Group has enhanced its development of True Wireless Stereo (TWS) earphones and voice interaction function of earphones and continued to consolidate its leading position of Bluetooth speakers, while enhancing market share of soundbars.

The Group has been committed to product R&D and innovation and devoted more R&D resources to smart products epitomised by smart voice speakers and gradually established the development capability for ancillary products which is ancillary to the smart products. During the year under review, the Group maintained close cooperation with internet enterprises with global mainstream voice platform. Additionally, the Group continued to keep up with the hardware technology trend of audio solution and provide internet customers or its eco-customers with various choices of platform among global mainstream solution providers. The Group also actively explores and applies the R&D process on cross-field utilisation of smart voice, for instance, products in educational and industrial application field.

In order to expand the product line and integrate the supply chain, the Group continued the expansion of its existing production base in Huizhou. Phase two of Huizhou Zhongkai Second Plant project officially commenced in April 2018 and is expected to be completed by the end of March 2019. In June 2018, the Group's Huizhou Puli Electroacoustic Tongqiao Industrial Park was also completed, which will form a comprehensive industrial chain integrating carpentry, speaker assembly, high-end wooden boxes, speakers, and plastic injection. Meanwhile, the Group completed the renewable energy (solar) power generation project which made use of idle roofs of its own factories and built a

decentralised roof photovoltaic power generation system which utilised advanced solar panels. Water storage for cooling project was completed in June 2018, further reducing the overall power consumption of the factories.

The management of Tonly Electronics stated: “Looking into the future, the Group will proactively respond to market changes, consolidate and strengthen its position in the new audio market, and strengthen our technological advantages in smart voice to constantly explore more market opportunities. As more brands will launch smart products when global voice eco-platform advances and matures, we will leverage on our pioneer advantages in smart voice technologies and the foundation for cooperation in each voice eco-platform to exploit more business opportunities across the smart speaker industry. In addition, we will also eagerly expand our Internet customer base to facilitate speedy development of smart voice ecoplatform, in a way to provide more users with the experience of a new generation of human-machine interaction. In the future, Tonly Electronics will continue to provide brand companies and customers with outstanding quality products and services by expanding new businesses, exploring new technologies and products, and enhancing its productivity.”

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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.

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