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## **TONLY ELECTRONICS HOLDINGS LIMITED**

**通力電子控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 01249)**

(the “**Company**” and together with its subsidiaries, the “**Group**”)

### **PROFIT WARNING**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform the Shareholders and potential investors that based on the preliminary review of the unaudited consolidated management accounts by the management of the Group, the Group is expected to record fairly substantial decreases in revenue and net profit for the six months ended 30 June 2020 as compared to the corresponding period of 2019.

**Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

This announcement is made by the Company pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “**SFO**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2020 (the “**Relevant Period**”) by the management of the Group, the Group is expected to record fairly substantial decreases in revenue and net profit in the range from 10% to 15% and 25% to 30% respectively for the Relevant Period as compared to the corresponding period of 2019. The decreases in revenue and net profit of the Group in the Relevant Period were primarily attributable to the following reasons:

- (i) as the novel coronavirus disease (“**COVID-19**”) pandemic spread in Europe and America, which are the major markets of the Group, most countries implemented temporary closure of parts of business premises and anti-epidemic policies since March 2020, causing the sales volume of the Group in the European and American markets to decrease and thereby resulting in a decline in sales revenue of the Group; and
- (ii) the COVID-19 pandemic resulted in delay in resuming production, employees returning to work and supply of materials, imbalance of production and increase in cost of anti-epidemic measures after the Spring Festival, which led to a reduction in productivity and an increase in operating costs of the Group.

The current operation circumstances of the Group are as follows:

- (i) as the COVID-19 pandemic begins to be under control worldwide, the number of orders placed by existing overseas customers of the Group has gradually resumed since May 2020;
- (ii) the number of orders placed by the domestic customers of the Group in Mainland China remained relatively stable; and
- (iii) the Group maintains a sound financial condition and has sufficient cashflow, which supports the resumption and development of its business.

The information contained in this announcement is only based on the preliminary assessment by the management of the Group with reference to the unaudited management accounts of the Group for the Relevant Period and is not based on any figures or information audited or reviewed by the Company’s auditors nor reviewed by the audit committee of the Company. Shareholders and potential investors are advised to read carefully the results announcement of the Company for the Relevant Period which is expected to be published by the Company by the end of July 2020.

**Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

On behalf of the Board  
**LIAO Qian**  
*Chairman*

Hong Kong, 6 July 2020

*As at the date of this announcement, the Board comprises YU Guanghui, SONG Yonghong and REN Xuenong as executive Directors, LIAO Qian (Chairman) as non-executive Director and LEONG Yue Wing, POON Chiu Kwok and LI Qi as independent non-executive Directors.*