



TOP DYNAMIC

**TOP DYNAMIC INTERNATIONAL HOLDINGS LIMITED**  
**泰邦集團國際控股有限公司**

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

**(Stock Code: 8327)**

**FIRST QUARTERLY RESULTS ANNOUNCEMENT**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2016**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET OF THE  
STOCK EXCHANGE OF HONG KONG LIMITED**

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Hong Kong Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Hong Kong Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or in this announcement misleading.*

## **HIGHLIGHTS**

- For the three months ended 31 March 2016, turnover of the Group was approximately HK\$52.5 million, representing an increase of approximately 7.1% as compared to the corresponding period in 2015.
- For the three months ended 31 March 2016, gross profit of the Group increased by approximately 13.8% to approximately HK\$18.2 million as compared to the corresponding period in 2015.
- Total comprehensive income attributable to owners of the Company for the three months ended 31 March 2016 amounted to approximately HK\$8.5 million, while the Group recorded total comprehensive income attributable to owners of the Company of approximately HK\$5.5 million for the three months ended 31 March 2015.
- Basic earnings per share for the three months ended 31 March 2016 was approximately 0.99 cents, and basic earnings per share for the three months ended 31 March 2015 was approximately 1.07 cents.
- The Board does not recommend the payment of any interim dividend for the three months ended 31 March 2016. During the three months ended 31 March 2015, no interim dividend was paid or declared.

## FIRST QUARTERLY RESULTS

The Board is pleased to announce the unaudited condensed consolidated financial results of the Group for the three months ended 31 March 2016 together with the comparative audited figures for the corresponding period in 2015, as follows:

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2016

	Notes	Three months ended 31 March	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Audited)
<b>Turnover</b>	3	<b>52,501</b>	49,023
Cost of sales		<u>(34,323)</u>	<u>(33,056)</u>
<b>Gross profit</b>		<b>18,178</b>	15,967
Other income		<b>39</b>	84
Selling and distribution costs		<b>(2,371)</b>	(2,401)
Administrative expenses		<u>(5,602)</u>	<u>(5,807)</u>
<b>Profit before tax</b>		<b>10,244</b>	7,843
Income tax expenses	4	<u>(2,350)</u>	<u>(2,042)</u>
<b>Profit for the period</b>		<u><b>7,894</b></u>	<u>5,801</u>
<b>Other comprehensive income (expense) for the period</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of a foreign operation		<u><b>563</b></u>	<u>(335)</u>
<b>Total comprehensive income for the period attributable to owners of the Company</b>		<u><b>8,457</b></u>	<u>5,466</u>
<b>Earnings per share attributable to owners of the Company</b>			
(Unaudited)	5		
– Basic (HK cents)		<u><b>0.99</b></u>	<u>1.07</u>
– Diluted (HK cents)		<u><b>0.99</b></u>	<u>1.07</u>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2016

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	PRC statutory reserve <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2015 (audited)	-	-	1,162	8	229	19,915	21,314
Profit for the period	-	-	-	-	-	5,801	5,801
Other comprehensive expense for the period:							
Exchange difference arising on translation of a foreign operation	-	-	-	-	(335)	-	(335)
Total comprehensive (expense) income for the period	-	-	-	-	(335)	5,801	5,466
At 31 March 2015 (audited)	<u>-</u>	<u>-</u>	<u>1,162</u>	<u>8</u>	<u>(106)</u>	<u>25,716</u>	<u>26,780</u>
At 1 January 2016 (audited)	8,000	104,098	2,802	8	(4,779)	44,826	154,955
Profit for the period	-	-	-	-	-	7,894	7,894
Other comprehensive income for the period:							
Exchange difference arising on translation of a foreign operation	-	-	-	-	563	-	563
Total comprehensive income for the period	-	-	-	-	563	7,894	8,457
At 31 March 2016 (unaudited)	<u>8,000</u>	<u>104,098</u>	<u>2,802</u>	<u>8</u>	<u>(4,216)</u>	<u>52,720</u>	<u>163,412</u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL RESULTS

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 10 September 2014 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its Shares have been listed on GEM since 9 October 2015.

The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. The address of the principal place of business of the Company is Office A, 31st Floor, Billion Plaza II, 10 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong. Its ultimate controlling parties are Mr. Chow Hin Keong and Mr. Chow Hin Kok.

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are manufacturing and trading of electronic and electrical parts and components.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial results of the Group for the three months ended 31 March 2016 are presented in HK\$ which is the same as the functional currency of the Company.

The unaudited condensed consolidated financial results of the Group for the Period have been prepared in accordance with the applicable disclosure requirements of the GEM Listing Rules and HKFRSs issued by the HKICPA under the historical cost convention.

Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group on 22 September 2015 as detailed in the section headed “History, Reorganisation and Group Structure” of the Prospectus. The Company and its subsidiaries now comprising the Group are under the common control of Mr. Chow Hin Keong and Mr. Chow Hin Kok (the “Controlling Shareholders”) that took part in the Reorganisation. As there was a continuation of the risks and benefits to the Controlling Shareholders and, therefore, the Reorganisation is considered to be a restructuring of entities and business under common control and the Group now comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the condensed consolidated financial results for the three months ended 31 March 2015 have been prepared as if the Company had always been the holding company of the companies now comprising the Group throughout that period, using the principles of merger accounting with reference to Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the HKICPA.

The condensed consolidated statement of profit or loss and other comprehensive income and the condensed consolidated statement of changes in equity include the results of the companies now comprising the Group as if the current group structure had been in existence throughout the three months ended 31 March 2015.

The basis of preparation and accounting policies adopted in preparing these unaudited condensed consolidated financial results for the three months ended 31 March 2016 are consistent with those adopted in the preparation of the Group's annual report for the year ended 31 December 2015, except for the adoption of the new and revised HKFRSs.

The adoption of the new and revised HKFRSs did not have any significant effect on these unaudited condensed consolidated financial results.

The Group has not early adopted the new and revised HKFRSs that have been issued but are not yet effective for the current accounting period of the Group.

The preparation of the unaudited condensed consolidated financial results in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the Group's accounting policies.

### 3. TURNOVER

The principal activities of the Group are manufacturing and trading of electronic and electrical parts and components.

An analysis of the Group's turnover for the three months ended 31 March 2016 is as follows:

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Manufacturing business	<b>40,302</b>	32,029
Trading business	<b>12,199</b>	16,994
	<b>52,501</b>	49,023

#### 4. INCOME TAX EXPENSES

	Three months ended	
	31 March	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
<b>Current tax</b>		
Hong Kong Profits Tax	1,086	886
PRC Enterprise Income Tax	<u>1,264</u>	<u>1,187</u>
	2,350	2,073
<b>Deferred tax</b>	<u>-</u>	<u>(31)</u>
	<u><u>2,350</u></u>	<u><u>2,042</u></u>

- (i) Pursuant to the rules and regulations of the BVI and the Cayman Islands, the Group is not subject to any income tax in these jurisdictions for both periods.
- (ii) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods.
- (iii) Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the subsidiary registered in the PRC is 25% for both periods.

## **5. EARNINGS PER SHARE**

### **Basic earnings per share**

The calculation of the basic earnings per share attributable to owners of the Company for the three months ended 31 March 2016 is based on the unaudited profit for the period of approximately HK\$7,894,000 (2015: approximately HK\$5,801,000) and on the weighted average number of approximately 800,000,000 (2015: approximately 540,000,000) ordinary shares for the three months ended 31 March 2016 of HK\$0.01 each in issue after taking into account the Capitalisation Issue.

### **Diluted earnings per share**

Diluted earnings per share is the same as basic earnings per share for each of the periods ended 31 March 2016 and 2015 as there were no dilutive ordinary shares outstanding during both periods.

## **6. DIVIDEND**

No interim dividend was paid or proposed during the three months ended 31 March 2016, nor has any interim dividend been proposed since the end of the reporting period (2015: nil).

## **7. APPROVAL OF UNAUDITED CONDENSED CONSOLIDATED FINANCIAL RESULTS**

The unaudited condensed consolidated financial results were approved and authorised for issue by the Board on 10 May 2016.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Business review

The Group is principally engaged in the assembly, packaging and sales of its self-manufactured discrete semiconductors and trading of semiconductors sourced from third-party suppliers.

The scale of the Group's manufacturing business for the first quarter of 2016 has demonstrated a moderate growth as compared to corresponding period in the last year, as brought by the expansion of the Group's existing production lines for its SOT26 and DFN1006 products, as well as the commencement of mass production of the Group's new SOT563 products, a third generation mainstream package, in the first quarter of 2016. Our SOT563 products feature surface mount package suitable for automated insertion, as well as a wide variety of available configurations. Its principal applications include LED televisions, portable electronic equipment and display monitors, and it is well accepted in the industry. As the Group's manufacturing business continues to grow, an increasing portion of the Group's turnover was derived from sales of its self-manufactured products during the Period as compared to the same period of last year.

In addition to its manufacturing business, the Group continues to operate its trading business during the Period, primarily to supplement its sales of self-manufactured products. The Group acts as a solution kits integrator and is engaged in trading of semiconductors that its customers specifically require, however, are not manufactured by the Group. As the product mix required by our customers varies from time to time, and given the widening of our Group's self-manufactured product offerings to meet our customers' demand, our trading segment saw a decrease in revenue during the Period as compared to the corresponding period in the last year. However, as a result of a different mix of trading products ordered by our customers during the Period, gross profit margin for the segment improved from the corresponding period in the last year.

The Group also continues to provide tailor-made engineering solutions services that cater for its customers' product design needs during the Period. Although the Group amortises its value-added engineering solutions services into its unit sales prices and does not record them as separate sources of turnover, the Group believes that they have enabled it to create demand for its products. The Group believes that its understanding of its customers' needs and its ability to deliver high quality products and value-added solution kits services and engineering solutions services have been the key to its success in maintaining stable relationships with its existing customers and attracting new customers.

The number of the Group's customers increased from 84 as at 31 March 2015 to 111 as at 31 March 2016.

## **Financial review**

### ***Turnover***

The turnover of the Group amounted to approximately HK\$52.5 million for the Period, representing an overall increase of approximately HK\$3.5 million or 7.1% from approximately HK\$49.0 million for the same period of last year. Such increase was primarily attributable to the growth of the Group's manufacturing business brought by the expansion of the Group's existing SOT26 products and the commencement of mass production for the Group's SOT563 products during the Period.

As the Group's manufacturing business grows, the turnover derived from sales of its self-manufactured products increased during the Period as compared to the same period of last year. The production volume of the Group's manufacturing segment witnessed an overall growth during the Period when compared to the same period of last year.

The Group's trading of products primarily complements sales of self-manufactured products when it provides solution kits services to its customers. The turnover derived from the Group's trading business decreased during the Period as compared to the same period of last year primarily as a result of different product mix requirements by our customers, and that part of their demand has been satisfied by the introduction of our new products during the Period.

### ***Gross profit and gross profit margin***

The Group's gross profit amounted to approximately HK\$18.2 million for the Period, representing an increase of approximately HK\$2.2 million or 13.8% from approximately HK\$16.0 million for the same period of last year, which was in line with the overall increase in the Group's turnover during the Period. The Group's gross profit margin for the Period was approximately 34.7%, a slight increase as compared to a gross profit margin of approximately 32.7% for the same period of last year. Such increase was primarily attributable to: (i) an increase in gross profit margin in the trading products sold during the Period as a result of different customer requirements during the Period, (ii) the decrease of fixed overheads per unit produced as a result of the general production growth in the Group's manufacturing segment, as partially offset by (iii) a decrease in the gross profit margin in the Group's self-manufactured products sold as a result of the lower percentage of turnover during the Period attributable to its DFN series package, for which the Group generally achieves higher gross profit margin as compared to its other self-manufactured products.

### ***Profit before tax***

The Group's selling and distribution costs for the Period was approximately HK\$2.4 million, more or less the same as last year. At the same time, the Group's administrative expenses decreased by approximately 3.6% or HK\$205,000 as compared to approximately HK\$5.8 million for the same period of last year, primarily reflecting the net effect of a decrease in listing-related expenses during the Period as compared to the corresponding period in 2015, and increases in compliance-related professional fees upon listing and trademark amortisation expenses. As a result, along with the increase in the Group's gross profit for the Period as compared to that in the corresponding period in 2015, the Group's profit before tax increased by approximately HK\$2.4 million or 30.8% to approximately HK\$10.2 million for the Period from approximately HK\$7.8 million for the same period of last year.

### ***Income tax expenses***

The Group's income tax expenses for the Period increased to approximately HK\$2.4 million as compared to approximately HK\$2.0 million for the same period of last year. Such increase in the Group's income tax expenses was in line with the increase in the Group's profit before tax during the Period.

### ***Total comprehensive income attributable to owners of the Company***

The Group's profit for the Period increased by approximately 36.2% or HK\$2.1 million as compared to approximately HK\$5.8 million for the same period of last year, which was in line with the Group's increased turnover during the Period.

Net profit margin for the Period is calculated by dividing the profit for the Period by turnover for the Period. The Group's net profit margin was approximately 15.0% as compared to approximately 11.8% for the same period of last year. The increase in our net profit margin was in line with the increase in the Group's profit for the Period.

As a result of the foregoing, the Group's total comprehensive income attributable to owners of the Company amounted to approximately HK\$8.5 million for the Period, representing an increase of approximately HK\$3.0 million or 54.5% from approximately HK\$5.5 million for the same period of last year.

## **RESERVES**

Movements in the reserves of the Group for the three months ended 31 March 2016 are set out in the unaudited condensed consolidated statement of changes in equity set out above.

## **DIVIDENDS**

The Board does not recommend the payment of any interim dividend for the three months ended 31 March 2016. During the three months ended 31 March 2015, no interim dividend was paid.

## **BUSINESS PROSPECT**

The Group expects to maintain a steady business growth in the foreseeable future. Since the Group generally achieves a higher gross profit margin on its self-manufactured products than its trading products, it intends to continue to improve its profitability through offering more self-manufactured products to attain a higher overall gross profit margin. The Group will continue to invest in production lines and equipment and will continue to focus on introducing technologically advanced products. In light of customers' indication of demand and advance orders placed, the Group has accelerated its expansion of production lines for certain types of its products. The Group will also selectively expand the production capacity for certain types of its existing products and actively consider the needs for further expanding the range of its product offerings in response to market demands. The Group believes that there will continue to be significant demand for packages with increased input/output density, smaller size and better heat dissipation characteristics. The Group plans to focus on manufacturing of SOT series packages including SOT26, SOT563, and DFN series packages including DFN0603 and DFN1006. The Group expects to implement the setup of its SOT723 packages production line by mid-2017 and subject to market demands, the Group may consider accelerating its expansion plan of this new production line. The Group is currently also developing a number of new products in light of market trends and with a view to broadening its product offerings.

The Group also intends to maintain and continue to build its knowledge base of designs and engineering solutions to expand the range of value-added services and strengthen the quality of products and services it delivers. To achieve this goal, the Group intends to increase, as necessary, its investment in its engineering teams and to recruit additional experts to enhance application and development capabilities so that it can offer the most efficient value-added services to its customers. The Group will continue to strengthen and streamline its inter-departmental cooperation to keep its product offerings and market intelligence up-to-date in order for its application and development engineers to develop and introduce new designs and engineering solutions that would help its customers to stay abreast of the latest developments in technology.

## **COMPETING INTERESTS**

None of the Directors or controlling shareholders of the Company and their respective close associates (as defined in the GEM Listing Rules) has any interest in a business which competed or might compete with the business of the Group or has any other conflict of interest with the Group during the three months ended 31 March 2016.

## **CORPORATE GOVERNANCE PRACTICES**

The Company is committed to achieving high standards of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential for the continuing growth of the Group and for safeguarding and maximising Shareholders' interests.

During the Period, the Company has complied with the code provisions of the CG Code as may be applicable.

## **SHARE OPTION SCHEME**

The Company adopted a share option scheme on 23 September 2015 (the "Scheme"). The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

No share option has been granted since the adoption of the Scheme and there was no share option outstanding as at 31 March 2016.

## **AUDIT COMMITTEE**

The Company established an audit committee on 23 September 2015 with written terms of reference in compliance with the GEM Listing Rules.

The primary duties of the audit committee are to review and supervise the financial reporting process of the Group. It also reviews the effectiveness of both the external audit and internal controls and risk evaluation system. The audit committee comprises three independent non-executive Directors, namely Ms. Man Oi Yuk Yvonne (chairman of audit committee), Ms. Wong Sau Ying and Ms. Chan Mei Po.

The audit committee has reviewed this announcement and the Group's unaudited condensed consolidated financial results for the three months ended 31 March 2016 and is of the opinion that the preparation of such results complied with applicable accounting standards and that adequate disclosure has been made in respect thereof.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's securities during the Period.

### **INTEREST OF COMPLIANCE ADVISER**

The Company has received confirmation from its compliance adviser, Celestial Capital Limited (the "Compliance Adviser"), that as at 31 March 2016, except for the compliance adviser's agreement entered into between the Company and the Compliance Adviser dated 24 June 2015 in connection with the Listing, neither the Compliance Adviser nor its directors, employees or close associates had any interests in relation to the Company or any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

### **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

"Board"	the board of Directors
"BVI"	the British Virgin Islands
"Capitalisation Issue"	the issue of 539,999,960 Shares made upon the capitalisation of certain sums standing to the credit of the share premium account of the Company pursuant to the written resolutions of the Shareholders passed on 23 September 2015
"CG Code"	Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules
"close associate(s)"	has the meaning ascribed thereto under the GEM Listing Rules
"Company"	Top Dynamic International Holdings Limited 泰邦集團國際控股有限公司, a company incorporated as an exempted company with limited liability in the Cayman Islands
"Director(s)"	the director(s) of the Company

“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented and/or otherwise modified from time to time as the context may require
“Group”	the Company and its subsidiaries
“HKFRSs”	Hong Kong Financial Reporting Standards issued by the HKICPA
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“HK\$” or “HK dollar(s)” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing”	the listing of the Shares on GEM on 9 October 2015
“Period”	the three months ended 31 March 2016
“PRC” or “China”	the People’s Republic of China, save that, for the purpose of this announcement and unless the context otherwise requires, references in this announcement do not include Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus of the Company dated 30 September 2015 issued in connection with the Listing
“Reorganisation”	the reorganisation of the Company in connection with the Listing, details of the Reorganisation are set out in the paragraph headed “Reorganisation” in the section headed “History, Reorganisation and Group Structure” of the Prospectus
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Shareholder(s)” holder(s) of the Shares

“%” per cent

By order of the Board  
**Top Dynamic International Holdings Limited**  
**Chow Hin Keong**  
*Chairman*

Hong Kong, 10 May 2016

*As at the date of this announcement, the executive Directors are Mr. Chow Hin Keong and Mr. Chow Hin Kok; and the independent non-executive Directors are Ms. Wong Sau Ying, Ms. Chan Mei Po and Ms. Man Oi Yuk Yvonne.*

*This announcement will remain on the GEM website at **www.hkgem.com** on the “Latest Company Announcements” page for at least seven days from the date of its posting and will also be published on the Company’s website at **www.topdynamicintl.com**.*