



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 2017**

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

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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 2017, turnover of the Group was approximately HK\$63.9 million, representing an increase of approximately 21.7% as compared to the corresponding period in 2016.
- For the three months ended 31 March 2017, gross profit of the Group increased by approximately 12.1% to approximately HK\$20.4 million as compared to the corresponding period in 2016.
- Profit of the Group for the three months ended 31 March 2017 amounted to approximately HK\$8.4 million, while the Group recorded a profit of approximately HK\$7.9 million for the three months ended 31 March 2016.
- Basic earnings per share for the three months ended 31 March 2017 was approximately 1.05 HK cents, and basic earnings per share for the three months ended 31 March 2016 was approximately 0.99 HK cents.
- The Board does not recommend the payment of any interim dividend for the three months ended 31 March 2017. During the three months ended 31 March 2016, no interim dividend was paid or declared.

## UNAUDITED RESULTS

The Board is pleased to announce the unaudited condensed consolidated financial results of the Group for the three months ended 31 March 2017 together with the unaudited comparative figures for the corresponding periods in 2016, as follows:

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

*For the three months ended 31 March 2017*

		Three months ended	
		31 March	
	Notes	2017	2016
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
<b>Turnover</b>	3	63,872	52,501
Cost of sales		<u>(43,504)</u>	<u>(34,323)</u>
<b>Gross profit</b>		20,368	18,178
Other income		34	39
Selling and distribution costs		(2,718)	(2,371)
Administrative expenses		<u>(6,876)</u>	<u>(5,602)</u>
<b>Profit before tax</b>		10,808	10,244
Income tax expenses	4	<u>(2,443)</u>	<u>(2,350)</u>
<b>Profit for the period</b>		<u>8,365</u>	<u>7,894</u>
<b>Other comprehensive income 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>1,800</u>	<u>563</u>
<b>Total comprehensive income for the period attributable to owners of the Company</b>		<u><u>10,165</u></u>	<u><u>8,457</u></u>
<b>Earnings per share</b>	5		
– Basic and diluted ( <i>HK cents</i> )		<u><u>1.05</u></u>	<u><u>0.99</u></u>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2017

	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 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>
At 1 January 2017 (audited)	8,000	104,098	4,357	8	(10,921)	89,052	194,594
Profit for the period	-	-	-	-	-	8,365	8,365
Other comprehensive income for the period:							
Exchange difference arising on translation of a foreign operation	-	-	-	-	1,800	-	1,800
Total comprehensive income for the period	-	-	-	-	1,800	8,365	10,165
At 31 March 2017 (unaudited)	<u>8,000</u>	<u>104,098</u>	<u>4,357</u>	<u>8</u>	<u>(9,121)</u>	<u>97,417</u>	<u>204,759</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 Cayman 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.

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 2017 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.

The basis of preparation and accounting policies adopted in preparing the unaudited condensed consolidated financial results for the three months ended 31 March 2017 are consistent with those adopted in the preparation of the Group's annual report for the year ended 31 December 2016, except for the adoption of the new and revised HKFRSs. The Group has adopted new or revised HKFRSs which are effective for accounting periods commencing on or after 1 January 2017.

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 any new and revised HKFRSs that have been issued but are not yet effective.

The unaudited condensed consolidated financial results have not been audited nor reviewed by the auditor of the Company, but have been reviewed by the audit committee of the Company and were approved for issue by the Board.

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 2017 is as follows:

	Three months ended	
	31 March	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Manufacturing business	50,388	40,302
Trading business	<u>13,484</u>	<u>12,199</u>
	<u><b>63,872</b></u>	<u><b>52,501</b></u>

### 4. INCOME TAX EXPENSES

The Group calculates the period income tax expenses using the tax rates that would be applicable to the expected total annual earnings. The major components of income tax expenses in the unaudited condensed consolidated statement of profit or loss and other comprehensive income are:

	Three months ended	
	31 March	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
<b>Current tax</b>		
Hong Kong Profits Tax	1,418	1,086
PRC Enterprise Income Tax	<u>1,025</u>	<u>1,264</u>
	2,443	2,350
<b>Deferred tax</b>	<u>—</u>	<u>—</u>
	<u><b>2,443</b></u>	<u><b>2,350</b></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 the three months ended 31 March 2017 and 2016.
- (ii) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the three months ended 31 March 2017 and 2016.
- (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 the three months ended 31 March 2017 and 2016.

## 5. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

### Basic earnings per share

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2017</b>	<b>2016</b>
<b>Earnings</b>		
Earnings for the purpose of basic earnings per share		
– Profit for the period attributable to owners of the Company ( <i>unaudited</i> )	<u><b>HK\$8,365,000</b></u>	<u><b>HK\$7,894,000</b></u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of		
basic earnings per share	<u><b>800,000,000</b></u>	<u><b>800,000,000</b></u>

### Diluted earnings per share

Diluted earnings per share is the same as basic earnings per share for each of the three months ended 31 March 2017 and 2016 as there were no dilutive potential ordinary shares outstanding during these periods.

## 6. DIVIDEND

No interim dividend was paid or proposed during the three months ended 31 March 2017, nor has any interim dividend been proposed since the end of the Period (2016: 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 9 May 2017.

## 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 2017 has demonstrated a moderate growth as compared to corresponding period in the last year, which was mainly the result of the growing demand for DFN1006 packages and the commencement of mass production of the Group's new products including the DFN0603 packages, SMAF packages and SOT363 packages since the second quarter of 2016. A short description of these new packages are set out as follows:–

- (i) the DFN0603 packages (fourth generation mainstream packages) are of a size of 0.61 mm x 0.32 mm x 0.3 mm, about half the size of the Group's other existing DFN series packages. Its principal applications include computers and peripherals, digital cameras, smart phones, mobile phone accessories, network communication devices and portable electronics;
- (ii) the SMAF packages, which can substitute SMA packages without modification to printed circuit boards and having only half the height of SMA packages. Its principal applications include LED lighting, mobile phone chargers and polarity protection. It is expected that SMA packages will gradually phase out and will be replaced by SMAF packages; and
- (iii) the SOT363 packages, which is in between the size of SOT26 and SOT563 packages we are currently manufacturing. Its principal applications include OLED televisions, portable electronic equipment as well as display monitors.

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 complement 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 the customers varies from time to time, and given the widening of the Group's customer base, the trading segment saw a slight increase in revenue during the Period as compared to the corresponding period in the last year, whereas the gross profit margin of the Group's trading segment remained at approximately the same level as that in the corresponding period of last year.



Although the Group amortises its value-added engineering solutions services into the unit selling prices of its products 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 111 as at 31 March 2016 to 128 as at 31 March 2017.

## **FINANCIAL REVIEW**

### **Turnover**

The turnover of the Group amounted to approximately HK\$63.9 million for the Period, representing an overall increase of approximately HK\$11.4 million or 21.7% from approximately HK\$52.5 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 production lines and introduction of new products offerings since the second quarter of 2016.

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 increased slightly during the Period as compared to the same period of last year primarily as a result of the widening of the Group's customer base and the difference in product mix required by its customers from time to time.

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

The Group's gross profit amounted to approximately HK\$20.4 million for the Period, representing an increase of approximately HK\$2.2 million or 12.1% from approximately HK\$18.2 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 31.9%, a slight decrease as compared to a gross profit margin of approximately 34.6% for the same period of last year. Such decrease was primarily the result of varying types and volumes of self-manufactured products (which carry different gross profit margins) sold by the Group to the customers during the Period.

## **Profit before tax**

The Group's selling and distribution costs for the Period was approximately HK\$2.7 million, representing an increase of approximately HK\$0.3 million or 12.5% from approximately HK\$2.4 million for the same period of last year. Such increase was primarily due to increased commission paid to third-party agent, which is in line with the growth of the Group's sale to customers referred by its third-party agent, as well as the increase in sales to overseas markets during the Period as compared to the corresponding period in last year. At the same time, the Group's administrative expenses was approximately HK\$6.9 million for the Period, representing an increase of approximately 23.2% or HK\$1.3 million as compared to approximately HK\$5.6 million for the same period of last year, primarily reflecting the exchange differences recognised as expenses in relation to the settlement of the Group's monetary assets and liabilities. As a result, although being along with the increase in the Group's gross profit for the Period as compared to that in the corresponding period in 2016, the Group's profit before tax increased by a smaller extent, namely by approximately HK\$0.6 million or 5.9%, to approximately HK\$10.8 million for the Period from approximately HK\$10.2 million for the same period of last year.

## **Income tax expenses**

The Group's income tax expenses for the Period was approximately HK\$2.4 million, a slight increase when compared to the corresponding 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.

## **Profit for the Period and total comprehensive income attributable to owners of the Company**

The Group's profit for the Period was approximately HK\$8.4 million, representing an increase of approximately 6.3% or HK\$0.5 million as compared to approximately HK\$7.9 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 for the Period was approximately 13.1% as compared to approximately 15.0% for the same period of last year. The decrease in the net profit margin was mainly attributable to the decrease in the Group's gross profit margin and the increase in the Group's administrative expenses during the Period.

As a result of the foregoing and favourable exchange translation differences as at 31 March 2017, the Group's total comprehensive income attributable to owners of the Company amounted to approximately HK\$10.2 million for the Period, representing an increase of approximately HK\$1.7 million or 20.0% from approximately HK\$8.5 million for the same period of last year.

## **RESERVES**

Movements in the reserves of the Group for the three months ended 31 March 2017 are set out above in the unaudited condensed consolidated statement of changes in equity.

## **DIVIDENDS**

The Board does not recommend the payment of any interim dividend for the three months ended 31 March 2017. During the three months ended 31 March 2016, no interim dividend was paid or declared.

## **BUSINESS PROSPECT**

In 2017, the Group believes that there will continue to be a growing demand for packages with increased input/output density, smaller size and better heat dissipation characteristics. The Group will continue its effort in further expanding its production facilities with a view to achieving further growth for the Group through increasing the production capacity for selected products, and offering new technologically advanced products to capture a wider customer base in the PRC, Hong Kong, and other overseas markets. In face of recent currency fluctuations and worldwide economic uncertainties, as well as potential increases in the costs of raw materials, the Group will remain cautious in evaluating and implementing its business strategies going forward.

In addition to the manufacturing business, the Group will continue to operate its trading business to complement sales of its self-manufactured products.

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 the Group delivers. To achieve this goal, the Group intends to increase the Group's investment in its engineering and quality management team via, for example, acquisition of additional reliability testing facilities and recruiting additional experts as and when appropriate 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 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 2017.

## **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 2017.

## **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 management system. The audit committee comprises three independent non-executive Directors, namely Ms. Man Oi Yuk Yvonne (chairperson 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 2017 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.

## **CHANGE IN COMPLIANCE ADVISER AND CONFIRMATION ON INTEREST**

The Company announced on 9 March 2017 that the compliance adviser agreement entered into between the Company and its former compliance adviser, Celestial Capital Limited, was terminated by mutual agreement with effect from 9 March 2017 and that Vinco Capital Limited has been appointed as the Company's compliance adviser with effect from the same date. Please refer to the Company's announcement dated 9 March 2017 for further details.

The Company has received confirmation from its compliance adviser, Vinco Capital Limited (the "Compliance Adviser"), that as at 31 March 2017, except for the compliance adviser's agreement entered into between the Company and the Compliance Adviser dated 9 March 2017, 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
"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

“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“DFN”	dual flat no lead packages, which have leads on only two opposing package sides
“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 “HK 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
“Period”	the three months ended 31 March 2017

“PRC” or “China” or “Mainland 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
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“SMA”	a small outline plastic surface mount package diode which is mainly used in traditional power circuit
“SMAF”	a flat lead small outline plastic surface mount package diode with a thinner body, which is manufactured using clip bonding technique. SMAF has a better stability electrical characteristic than traditional SMA
“SOT”	small outline transistor, a type of small size, lead, and surface mount discrete semiconductor packages
“%”	per cent

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

Hong Kong, 9 May 2017

*As at the date hereof, 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 <http://www.hkgem.com> on the “Latest Company Announcements” page for seven days from the date of its posting and will also be published on the Company’s website at <http://www.topdynamicintl.com>.*