



泰邦集團國際控股有限公司  
**Top Dynamic International  
Holdings Limited**

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

Stock Code: 2203



***Interim Report 2017***



## HIGHLIGHTS

- For the six months ended 30 June 2017, turnover of the Group was approximately HK\$142.2 million, representing an increase of approximately HK\$25.0 million or 21.3% as compared to the corresponding period in 2016.
- For the six months ended 30 June 2017, gross profit of the Group increased by approximately 6.6% to approximately HK\$45.4 million as compared to the corresponding period in 2016.
- The Group's profit for the six months ended 30 June 2017 amounted to approximately HK\$21.0 million, while the Group recorded a profit of approximately HK\$22.0 million for the six months ended 30 June 2016.
- Basic earnings per share for the six months ended 30 June 2017 was approximately HK2.62 cents, and basic earnings per share for the six months ended 30 June 2016 was approximately HK2.75 cents.
- The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2017. During the six months ended 30 June 2016, no interim dividend was paid or declared.

## FINANCIAL RESULTS

The Board is pleased to announce the unaudited condensed consolidated financial results of the Group for the six months ended 30 June 2017 together with the unaudited comparative figures for the corresponding period in 2016, as follows:

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

For the six months ended 30 June 2017

		Six months ended 30 June	
	Notes	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
<b>Turnover</b>	3	<b>142,166</b>	117,173
Cost of sales		<b>(96,729)</b>	(74,551)
<b>Gross profit</b>		<b>45,437</b>	42,622
Other income		<b>44</b>	1,446
Selling and distribution costs		<b>(4,621)</b>	(5,143)
Administrative expenses		<b>(14,228)</b>	(11,228)
<b>Profit before tax</b>	4	<b>26,632</b>	27,697
Income tax expenses	5	<b>(5,666)</b>	(5,722)
<b>Profit for the period</b>		<b>20,966</b>	21,975
<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		<b>4,433</b>	(1,827)
<b>Total comprehensive income for the period attributable to owners of the Company</b>		<b>25,399</b>	20,148
<b>Earnings per share</b>	6		
–Basic and diluted (HK cents)		<b>2.62</b>	2.75

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Notes	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
<b>Non-current assets</b>			
Plant and equipment	8	108,299	85,876
Intangible asset		—	—
Prepayment for plant and equipment		14,158	2,451
		<u>122,457</u>	<u>88,327</u>
<b>Current assets</b>			
Inventories		37,542	27,494
Trade and other receivables	9	73,033	58,888
Pledged deposit		5,077	5,063
Bank balances and cash		63,532	79,205
		<u>179,184</u>	<u>170,650</u>
<b>Current liabilities</b>			
Trade and other payables	10	75,654	61,751
Tax payables		5,821	2,459
		<u>81,475</u>	<u>64,210</u>
<b>Net current assets</b>		<u>97,709</u>	<u>106,440</u>
<b>Total assets less current liabilities</b>		<u>220,166</u>	<u>194,767</u>
<b>Non-current liability</b>			
Deferred tax liabilities		173	173
		<u>219,993</u>	<u>194,594</u>
<b>Capital and reserves</b>			
Share capital		8,000	8,000
Reserves		211,993	186,594
		<u>219,993</u>	<u>194,594</u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Share capital	Share premium	PRC statutory reserve	Capital reserve	Translation reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2016 (audited)	8,000	104,098	2,802	8	(4,779)	44,826	154,955
Profit for the period	-	-	-	-	-	21,975	21,975
Other comprehensive expense for the period:							
Exchange difference arising on translation of a foreign operation	-	-	-	-	(1,827)	-	(1,827)
Total comprehensive (expense) income for the period	-	-	-	-	(1,827)	21,975	20,148
At 30 June 2016 (unaudited)	<u>8,000</u>	<u>104,098</u>	<u>2,802</u>	<u>8</u>	<u>(6,606)</u>	<u>66,801</u>	<u>175,103</u>
At 1 January 2017 (audited)	8,000	104,098	4,357	8	(10,921)	89,052	194,594
Profit for the period	-	-	-	-	-	20,966	20,966
Other comprehensive income for the period:							
Exchange difference arising on translation of a foreign operation	-	-	-	-	4,433	-	4,433
Total comprehensive income for the period	-	-	-	-	4,433	20,966	25,399
At 30 June 2017 (unaudited)	<u>8,000</u>	<u>104,098</u>	<u>4,357</u>	<u>8</u>	<u>(6,488)</u>	<u>110,018</u>	<u>219,993</u>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
OPERATING ACTIVITIES		
Profit before tax	26,632	27,697
Adjustments for:		
Bank interest income	(32)	(55)
Depreciation of plant and equipment	6,759	4,446
Amortisation of intangible asset	–	836
	<hr/>	<hr/>
Operating cash flows before movements in working capital	33,359	32,924
(Increase) decrease in inventories	(9,046)	903
Increase in trade and other receivables	(12,556)	(16,717)
Increase (decrease) in trade and other payables	13,453	(5,128)
	<hr/>	<hr/>
Cash generated from operations	25,210	11,982
Hong Kong Profits Tax paid	–	–
PRC Enterprise Income Tax paid	(2,240)	(2,459)
	<hr/>	<hr/>
NET CASH GENERATED FROM OPERATING ACTIVITIES	22,970	9,523
	<hr/>	<hr/>
INVESTING ACTIVITIES		
Acquisition of plant and equipment	(19,417)	(14,658)
Settlement of payables for plant and equipment	(5,606)	(180)
Prepayment for plant and equipment	(14,158)	(4,611)
Bank interest received	18	41
	<hr/>	<hr/>
NET CASH USED IN INVESTING ACTIVITIES	(39,163)	(19,408)
	<hr/>	<hr/>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(16,193)	(9,885)
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	79,205	72,466
	<hr/>	<hr/>
Effect of foreign exchange rate changes	520	–
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF PERIOD, REPRESENTED BY BANK BALANCES AND CASH	63,532	62,581
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## **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 were listed on GEM on 9 October 2015. On 21 July 2017, the listing of the Shares were transferred from GEM to the Main Board.

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 AND ACCOUNTING POLICIES**

The unaudited condensed consolidated financial results of the Group for the six months ended 30 June 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 Listing Rules and the Hong Kong Accounting Standard 34 Interim Financial Reporting, issued by the HKICPA under the historical cost convention.

The basis of preparation and accounting policies adopted in preparing these unaudited condensed consolidated financial results for the six months ended 30 June 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.

The preparation of 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 AND SEGMENT INFORMATION**

The Group's reportable and operating segments under HKFRS 8 are manufacturing and trading as follows:

- (i) Manufacturing segment engages in selling of electronic and electrical parts and components manufactured by the Group.
- (ii) Trading segment engages in trading of electronic and electrical parts and components sourced from third-party suppliers.

Segment revenue represents revenue derived from the manufacturing and trading of electronic and electrical parts and components.

## Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

	Six months ended 30 June					
	Manufacturing		Trading		Total	
	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)
Segment revenue	<u>112,186</u>	<u>91,154</u>	<u>29,980</u>	<u>26,019</u>	<u>142,166</u>	<u>117,173</u>
Segment profit	<u>36,258</u>	<u>33,977</u>	<u>4,558</u>	<u>3,502</u>	<u>40,816</u>	<u>37,479</u>
Unallocated income					44	1,446
Unallocated expenses					<u>(14,228)</u>	<u>(11,228)</u>
Profit before tax					<u>26,632</u>	<u>27,697</u>

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales during the Period (2016: nil).

## Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	<b>As at 30 June 2017 HK\$'000 (Unaudited)</b>	As at 31 December 2016 HK\$'000 (Audited)
<b>SEGMENT ASSETS</b>		
Manufacturing	213,987	158,720
Trading	16,286	13,078
Unallocated	71,368	87,179
	<hr/>	<hr/>
Total assets	<b>301,641</b>	258,977
	<hr/>	<hr/>
<b>SEGMENT LIABILITIES</b>		
Manufacturing	51,093	41,129
Trading	19,431	14,920
Unallocated	11,124	8,334
	<hr/>	<hr/>
Total liabilities	<b>81,648</b>	64,383
	<hr/>	<hr/>

## 4. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	<b>Six months ended 30 June</b>	
	<b>2017 HK\$'000 (Unaudited)</b>	2016 HK\$'000 (Unaudited)
Amount of inventories recognised as expenses	96,729	74,551
Depreciation of plant and equipment	6,759	4,446
Amortisation of intangible asset	-	836
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## 5. INCOME TAX EXPENSES

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

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
<b>Current tax</b>		
Hong Kong Profits Tax	<b>3,575</b>	3,301
PRC Enterprise Income Tax	<b>2,091</b>	2,421
	<hr/> <b>5,666</b>	<hr/> 5,722
<b>Deferred tax</b>	<hr/> –	<hr/> –
	<hr/> <b>5,666</b>	<hr/> 5,722

- (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 six months ended 30 June 2017 and 2016.
- (ii) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30 June 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 six months ended 30 June 2017 and 2016.

## 6. 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

	Six months ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)
<b>Earnings</b>		
Earnings for the purpose of basic earnings per share		
– Profit for the period attributable to owners of the Company	<u>HK\$20,966,000</u>	<u>HK\$21,975,000</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>800,000,000</u>	<u>800,000,000</u>

### Diluted earnings per share

Diluted earnings per share is the same as basic earnings per share for the six months ended 30 June 2017 and 2016 as there were no dilutive potential ordinary shares outstanding during these periods.

## 7. DIVIDEND

No interim dividend was paid or proposed during the period ended 30 June 2017, nor has any interim dividend been proposed since the end of the Period (six months ended 30 June 2016: nil).

## 8. PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group acquired plant and equipment of approximately HK\$26,385,000 (six months ended 30 June 2016: HK\$19,987,000).

## 9. TRADE AND OTHER RECEIVABLES

	<b>As at 30 June 2017 HK\$'000 (Unaudited)</b>	As at 31 December 2016 HK\$'000 (Audited)
Trade receivables	53,766	43,263
Deposits and other receivables	1,587	3,071
Prepayments	17,680	12,554
	<b>73,033</b>	<b>58,888</b>

The Group does not hold any collateral over its trade and other receivables. No impairment of trade and other receivables has been recognised during the six months ended 30 June 2017 and the year ended 31 December 2016.

The Group allows a credit period of 0 to 90 days to its trade customers. The following is an ageing analysis of trade receivables presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the Period.

	<b>As at 30 June 2017 HK\$'000 (Unaudited)</b>	As at 31 December 2016 HK\$'000 (Audited)
Within 3 months	52,629	42,299
Over 3 months but less than 6 months	1,137	964
	<b>53,766</b>	<b>43,263</b>

## 10. TRADE AND OTHER PAYABLES

	<b>As at 30 June 2017</b>	As at 31 December 2016
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Trade payables	<b>64,538</b>	44,967
Payables for plant and equipment	<b>4,517</b>	5,606
Receipts in advance	<b>27</b>	98
Accruals and other payables	<b>6,572</b>	11,080
	<b>75,654</b>	61,751

Included in the Group's accruals and other payables as at 30 June 2017 were accrued directors' emoluments of approximately HK\$383,000 (31 December 2016: HK\$383,000). The amount is unsecured, interest-free and repayable on demand.

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the Period.

	<b>As at 30 June 2017</b>	As at 31 December 2016
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Within 3 months	<b>54,533</b>	40,410
Over 3 months but less than 6 months	<b>10,005</b>	4,557
	<b>64,538</b>	44,967

The credit period on purchases of goods ranged from 30 to 120 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

## 11. CAPITAL COMMITMENTS

At 30 June 2017, the Group has contracted for but not provided in the unaudited condensed consolidated financial statements capital commitment in respect of acquisition of plant and equipment of approximately HK\$4,907,000 (31 December 2016: HK\$2,135,000).

## 12. RELATED PARTY DISCLOSURES

Save as disclosed elsewhere in the unaudited condensed consolidated financial statements, the Group has the following related party transactions with its related parties:

### (a) Related parties' transactions

During the six months ended 30 June 2017 and 2016, the Group was granted the right to use two trademarks registered by a company (the "Related Company") jointly controlled by Mr. Chow Hin Keong, a Shareholder and a Director, and an independent third party at nil consideration.

### (b) Compensation of key management personnel

The Directors considered that they are the only key management personnel of the Group for the periods ended 30 June 2017 and 2016.

The emoluments of Directors and key executives are determined by the Board with reference to the performance of individuals and market trends.

## 13. CONTINGENT LIABILITIES

At 30 June 2017, the Group had no material contingent liabilities (31 December 2016: nil).



## **14. EVENT AFTER THE REPORTING PERIOD**

On 21 July 2017, the listing of the Shares were transferred from GEM to the Main Board.

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

The unaudited condensed consolidated financial results of the Group were approved and authorised for issue by the Board on 9 August 2017.



## COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The table below sets out the Directors' analysis by comparing the business objectives of the Group as set out in the Prospectus with the Group's achievement of these objectives up to 30 June 2017. These business objectives are in place with a view to generating long-term value to the Company and the Shareholders.

Business Objectives	Actual Business Progress up to 30 June 2017
1. Continue to increase sales of the Group's self-manufactured products and penetrate markets with growth opportunities	<p>Approximately 78.9% of the Group's turnover for the Period was derived from sale of self-manufactured products, representing a slight increase from the corresponding period in 2016 whereas the Group's self-manufactured products accounted for approximately 77.8% of its turnover for that period. Generally in line with the Group's expansion plan as stated in the Prospectus, the Group has continued to expand its production facilities during the Period. As further elaborated in the Company's annual report 2016, the Group prioritised further expansion of its more profitable DFN1006 series packages production lines in light of market indication of an increasing demand. The management has reviewed market responses in respect of the SOT723 packages and remains of the view that the Group's approach towards resources deployment should remain focused on the DFN series packages.</p> <p>The Group has continued to participate in product exhibition in April 2017 with a view to introducing its products and brands to potential customers.</p>

## Business Objectives

## Actual Business Progress up to 30 June 2017

- The number of the Group's customers increased from 112 as at 30 June 2016 to 134 as at 30 June 2017.
2. Continue to introduce technologically advanced products and diversify the Group's presence in industries which the Group considers to have high potential  
The Group has successfully introduced its new DFN2010 products which are two or more dies in one package. Mass production of this product commenced in the second quarter of 2017.  
Apart from the above, the Group has also developed and expanded its self-manufactured DFN series packages such as DFN1610 and DFN3810 products.
  3. Continue to focus on value-added services to customers  
The Group has continued to review the performance of its existing engineering and quality management team and evaluating the need (and possible timeframe) for increasing the investment in its engineering and quality management team with a view to offering better value-added services to its customers. For example, the Group's engineering and quality management staff has increased from 55 as at 30 June 2016 to 72 as at 30 June 2017.
  4. Continue to attract and retain top talent in the industry  
While the Group's staff count has remained generally stable throughout the Period, it has continued to review its staff performance vis-a-vis the Group's current business scale and will consider further recruitment as and when the management considers appropriate.



## PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties in implementing the Group's business strategies include the following:

- (i) as technology evolves and as part of the expansion of the Group's business, the Group may introduce additional products in its product offering range in the future, some of which may require more technologically advanced production facilities. The Group's existing production facilities and machinery may therefore become gradually obsolete, and the Group will be required to incur additional capital expenditure to invest in new production facilities and machinery;
- (ii) the overall gross profit margin of the Group's self-manufactured products may experience fluctuations subject to different matrix of demands by its customers from time to time. In addition, when a more technologically advanced replacement product is introduced to the market, the demand for the existing products being replaced may decrease, and hence adversely affect the product's gross profit margin;
- (iii) if the Group is unable to obtain additional packaging equipment or facilities in a timely manner and at a reasonable cost, its competitiveness and future profitability could be adversely affected;
- (iv) the Group's production capacity may not correspond precisely to its production demands, and any significant increase in its idle or unutilised production capacity during any particular period could adversely affect the Group's operating results in that period; and
- (v) the Group relies on the stable operation of its production facilities and there is no assurance that its production would be free of disruptions in the future.



In addressing these risks and uncertainties, the Group will take a cautious approach when considering new purchases of equipment and machinery and will only do so if and when the Directors consider it to be in the interest of the Group to do so. The Group has also implemented a maintenance system for its facilities and equipment, which includes regular maintenance and repairs, and regular inspections of facilities and equipment. This allows the Group to operate its production lines at optimal levels. The Group carries out routine cleaning and maintenance of its equipment to enhance its useful life. The Group also conducts major annual maintenance work. The Group's maintenance system aims to maintain operational efficiency and high-quality control standards. The Group has not experienced any material or prolonged interruptions to its manufacturing process due to equipment or machinery failure during the Period.

The other risks and uncertainties incidental to the Group's business operations are detailed further in the Prospectus.

## **USE OF PROCEEDS FROM THE PLACING**

Net proceeds in the amount of approximately HK\$40.8 million were raised from the Placing. During the Period, the remaining amount of approximately HK\$7.1 million from the net proceeds raised from the Placing has been fully applied towards the purchase of equipment for the expansion of the Group's production lines including that for its DFN0603 and DFN1006 series packages in light of customers' demand.

## **TRANSFER OF LISTING FROM GEM TO THE MAIN BOARD**

On 21 March 2017, an application was made by the Company to the Stock Exchange for the Transfer of Listing pursuant to Chapter 9A of the Listing Rules.

The approval-in-principle for the Transfer of Listing was granted by the Stock Exchange on 29 June 2017 and dealings in the Shares on the Main Board (Stock code: 2203) have commenced at 9:00 a.m. on 21 July 2017. The last day of dealings in the Shares on GEM (Stock code: 8327) was 20 July 2017.

The Board believes that the listing of Shares on the Main Board will promote the corporate image of the Group and improve the trading liquidity of the Shares. The Board is of the view that the Transfer of Listing will be beneficial to the future growth and business development of the Group.



## 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 half of 2017 has demonstrated a growth of approximately 23.0% as compared to the corresponding period in the last year, as brought by the expansion of the Group's existing production lines for its DFN0603 and DFN1006 series packages. The Group has also expanded its self-manufactured product offerings to include DFN1610, DFN2010 and DFN3810 packages. Those DFN series products are two or more dies in one package and can effectively reduce the components required on the printed circuit boards, thereby increasing efficiency in its production. Their principal applications include various display port interface, HDMI, LAN/WAN equipment, MDDI ports and serial ATA and UDI. As the Group's manufacturing business continues to grow, its turnover derived from sales of its self-manufactured products during the Period demonstrated an increase 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. The product mix required by customers varies from time to time and the Group's trading segment saw an increase in turnover and an improvement in the segment profit as compared to 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 112 as at 30 June 2016 to 134 as at 30 June 2017.

## **Financial review**

### ***Turnover***

The turnover of the Group amounted to approximately HK\$142.2 million for the Period, representing an increase of approximately HK\$25.0 million or 21.3% from approximately HK\$117.2 million for the same period of last year. Such increase was primarily attributable to the growth of both the Group's manufacturing and trading business as a result of its continuous effort in expanding its customer base and production capacity and orders for the new products introduced by the Group in the second quarter of 2016 and the first half of 2017.

The turnover derived from sales of its self-manufactured products demonstrated a growth of approximately 23.0% 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 by approximately 15.4% 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***

Along with the increase in the Group's turnover during the Period, the Group's gross profit amounted to approximately HK\$45.4 million for the Period, representing an increase of approximately HK\$2.8 million or 6.6% from approximately HK\$42.6 million for the same period of last year. The Group's gross profit margin for the Period was approximately 31.9%, a decrease as compared with the gross profit margin of approximately 36.3% 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 amounted to approximately HK\$4.6 million, which represented a decrease of approximately 9.8% from that for the same period of last year. Such decrease was primarily attributable to a decrease in commission paid by the Group as the Group had continued to expand its direct customer base. At the same time, the Group's administrative expenses increased by approximately 26.8%, or HK\$3.0 million as compared to approximately HK\$11.2 million for the same period of last year, primarily reflecting increases in charitable donations and professional fees incurred by the Group during the Period in respect of its application for the Transfer of Listing for which the Company obtained approval-in-principle from the Stock Exchange in June 2017. As a result, the Group's profit before tax decreased slightly by approximately HK\$1.1 million or 4.0% to approximately HK\$26.6 million for the Period from approximately HK\$27.7 million for the same period of last year.

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

The Group's income tax expenses for the Period was approximately HK\$5.7 million, which was about the same as that for the same period of last year, as a result of the Group's profit before tax during the Period remaining at a comparable level to that for the same period of last year.

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

The Group's profit for the Period amounted to approximately HK\$21.0 million, representing a decrease by approximately 4.5%, or HK\$1.0 million as compared to approximately HK\$22.0 million for the same period of last year, which was primarily attributable to the increase in administrative expenses incurred during the Period in connection with the Company's application for the Transfer of Listing.

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 14.8% as compared to approximately 18.8% for the same period of last year. The decrease in net profit margin was primarily the combined effect of a decrease in the Group's gross profit margin and an increase in administrative expenses during the Period.

As a result of the foregoing, and favourable exchange differences recorded by the Group during the Period, the Group's total comprehensive income attributable to owners of the Company for the Period amounted to approximately HK\$25.4 million, representing an increase of approximately HK\$5.3 million or 26.4% from approximately HK\$20.1 million for the same period of last year.

### **Liquidity and financial resources and capital structure**

During the Period, the operations of the Group were funded primarily by internally generated cash flows and partly by the unutilised portion of the net proceeds from the Placing. The Group also has committed bank facilities of HK\$5.0 million which was unutilised as at 30 June 2017.

The Group's outstanding capital commitments as at 30 June 2017 amounted to approximately HK\$4.9 million (31 December 2016: HK\$2.1 million). Such commitments primarily related to purchase of equipment and machineries to expand the production capacity of the Group's production facilities, including DFN1006 and DFN0603 packages. Such outstanding commitments are expected to be funded primarily by the Group's internally generated resources.

As at 30 June 2017, the Group had no outstanding bank borrowings.



Please refer to note 10 to the unaudited condensed consolidated financial statements of the Group in this report for the ageing analysis in respect of the trade payables of the Group as at 30 June 2017 and 31 December 2016.

The Group's gearing ratio as at 30 June 2017 and 31 December 2016, which was calculated by dividing the Group's total borrowings by its total equity as at those dates, were both nil due to absence of borrowings as at those dates.

The Group adopts conservative treasury policies in cash and financial management. To achieve better risk control and minimise the cost of funds, the Group's treasury activities are centralised with all bank deposits denominated either in HK\$, US\$ or RMB. The Group's liquidity and financing requirements are reviewed regularly. The Group will continue to maintain a prudent capital structure when considering financing for new investments.

### **Charges on group assets**

As at 30 June 2017, an amount of approximately HK\$5.1 million (31 December 2016: HK\$5.1 million) was pledged to a bank to secure short-term bank facilities granted to the Group.

### **Significant investments/Material acquisitions and disposals**

The Group has not made any significant investments or material acquisitions and disposals of subsidiaries during the Period.

### **Contingent liabilities**

As at 30 June 2017, the Group did not have any significant contingent liabilities.

### **Exposure to fluctuations in exchange rates**

The Group was exposed to foreign currency risks as it settled some of the sales and purchases during the Period in foreign currencies. For the six months ended 30 June 2017 and 2016, approximately 73.8% and 71.0%, respectively, of the Group's sales were denominated in currencies other than the functional currency of the relevant Group entities making the sale, and approximately 29.4% and 24.2%, respectively, of purchases were not denominated in the relevant Group entities' functional currency.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities as at 30 June 2017 and 31 December 2016 are as follows:

	Assets		Liabilities	
	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
United States dollars ("US\$")	57,168	74,624	2,994	3,607
Renminbi ("RMB")	9,278	11,669	9,528	7,274
HK\$	—	2,328	—	—
	<b>66,446</b>	<b>88,621</b>	<b>12,522</b>	<b>10,881</b>

The Group currently does not have a foreign currency hedging policy. However, the Directors continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

## Human Resources

As at 30 June 2017, the Group had a workforce of 370 full-time employees (including two executive Directors but excluding three independent non-executive Directors) of whom approximately 97.0% were employed in the PRC and approximately 3.0% in Hong Kong. The Group's staff costs (excluding contributions to pension schemes) for the six months ended 30 June 2017 and 2016 amounted to approximately HK\$14.1 million and HK\$11.7 million, respectively. The Group's employees in Hong Kong are required to participate in the Mandatory Provident Fund scheme under which it is required to contribute a fixed percentage of the employees' payroll costs (up to a maximum of HK\$1,500 per month) to the scheme. For the employees of the Group's PRC Subsidiary, the Group makes contributions to various government sponsored employee benefit funds, including housing provident fund, basic pension insurance fund, basic medical insurance, unemployment insurance, maternity insurance and work related injury insurance funds in accordance with applicable PRC laws and regulations.



The Group generally recruits employees from the open market. The Group actively pursues a strategy to recruit, develop and retain talented employees by (i) providing them with training programs on a regular basis to keep them abreast of their knowledge in the products the Group distributes, technology development and market conditions of the electronic industry; (ii) aligning employees' compensation and incentives with their performance; and (iii) providing them with a clear career path with opportunities for additional responsibilities and promotions.

## **RESERVES**

Movements in the reserves of the Group for the six months ended 30 June 2017 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 six months ended 30 June 2017. During the six months ended 30 June 2016, no interim dividend was paid or declared.

## **BUSINESS PROSPECT**

The Board is pleased to report that, subsequent to the Period, the Company had successfully transferred the listing of the Shares from GEM to the Main Board, and the trading of the Shares on the Main Board commenced on 21 July 2017.

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, Korea, 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 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.

## **INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN SECURITIES**

As at 30 June 2017, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange, pursuant to the Rule 5.46 of the GEM Listing Rules (which was applicable during the Period prior to the Transfer of Listing), were as follows:

## Long positions in the Shares

Name of Director	Nature of interest	Number of ordinary shares held <i>(Note 1)</i>	Approximate shareholding percentage in the issued share capital of the Company <i>(%)</i>
Mr. Chow Hin Keong	Interest in a controlled corporation <i>(Note 2)</i>	300,000,000 Shares (L)	37.5
Mr. Chow Hin Kok	Interest in a controlled corporation <i>(Note 3)</i>	300,000,000 Shares (L)	37.5

### Notes:

- (1) The letter "L" denotes the person's long position in such Shares.
- (2) Platinum Dynamic is wholly owned by Mr. Chow Hin Keong. Under the SFO, Mr. Chow Hin Keong is deemed to be interested in all of the 300,000,000 Shares held by Platinum Dynamic.
- (3) Silver Dynamic is wholly owned by Mr. Chow Hin Kok. Under the SFO, Mr. Chow Hin Kok is deemed to be interested in all of the 300,000,000 Shares held by Silver Dynamic.

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SECURITIES

As at 30 June 2017, the interests and short positions of the Substantial Shareholders (other than Directors or chief executive of the Company) in the Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

## Long positions in the Shares

Name of Shareholder	Nature of interest	Number of ordinary shares held <i>(Note 1)</i>	Approximate percentage of shareholding in the issued share capital of the Company <i>(%)</i>
Platinum Dynamic <i>(Note 2)</i>	Beneficial interest	300,000,000 Shares (L)	37.5
Ms. H'ng Siew Hoong <i>(Note 3)</i>	Interest of spouse	300,000,000 Shares (L)	37.5
Silver Dynamic <i>(Note 4)</i>	Beneficial interest	300,000,000 Shares (L)	37.5
Ms. Ong Siew Ning <i>(Note 5)</i>	Interest of spouse	300,000,000 Shares (L)	37.5

### Notes:

- (1) The letter "L" denotes the person's long position in such Shares.
- (2) Platinum Dynamic is wholly owned by Mr. Chow Hin Keong. Under the SFO, Mr. Chow Hin Keong is deemed to be interested in all of the 300,000,000 Shares held by Platinum Dynamic.
- (3) Ms. H'ng Siew Hoong is the spouse of Mr. Chow Hin Keong and is therefore deemed to be interested in the 300,000,000 Shares in which Mr. Chow Hin Keong is interested.
- (4) Silver Dynamic is wholly owned by Mr. Chow Hin Kok. Under the SFO, Mr. Chow Hin Kok is deemed to be interested in all of the 300,000,000 Shares held by Silver Dynamic.
- (5) Ms. Ong Siew Ning is the spouse of Mr. Chow Hin Kok and is therefore deemed to be interested in the 300,000,000 Shares in which Mr. Chow Hin Kok is interested.



Save as disclosed above, as at 30 June 2017, the Company had not been notified by any person (other than Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

## **CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the Model Code or Rules 5.48 to 5.67 of the GEM Listing Rules (which were applicable to the Company during the Period prior to the Transfer of Listing). Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the Period.

## **MANAGEMENT CONTRACTS**

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Period.

## **COMPETING INTERESTS**

None of the Directors or controlling shareholders of the Company and their respective close associates (as defined in the Listing Rules or the GEM Listing Rules (which were applicable during the Period prior to the Transfer of Listing)) has any interest in a business which competed or might compete with the business of the Group or has any other conflict of interests with the Group during the Period.

## 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. Since the listing of the Shares on the Main Board on 21 July 2017, the Group continues and will continue to observe the corresponding code provisions of the CG Code.

## SHARE OPTIONS

The Company adopted a share option scheme on 23 September 2015, the terms of which are in accordance with the provisions of Chapter 17 of the Listing Rules or Chapter 23 of the GEM Listing Rules (which were applicable during the Period prior to the Transfer of Listing). The Scheme is valid and effective for a period of 10 years from 9 October 2015. Its purpose is to reward eligible participants who have contributed or will contribute to the Group and to encourage eligible participants to work towards enhancing the value of the Company and its Shares for the benefits of the Company and its Shareholders as a whole, and to maintain or attract business relationships with participants whose contributions are or may be beneficial to the growth of the Group.

Eligible participants of the Scheme include (i) any Directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of any member of the Group; and (ii) any advisers, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group, whom the Board considers, in its sole discretion, to have contributed or will contribute to the Group.

No share option had been granted since the adoption of the Scheme and there was no share option outstanding as at 30 June 2017.



## AUDIT COMMITTEE

The Company established an audit committee on 23 September 2015 with written terms of reference in compliance with the Listing Rules or the GEM Listing Rules (which were applicable during the Period prior to the Transfer of Listing).

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 systems. The audit committee of the Company comprises three independent non-executive Directors, namely Ms. Man Oi Yuk Yvonne (chairperson of the audit committee), Ms. Wong Sau Ying and Ms. Chan Mei Po.

The audit committee has reviewed this report and the Group's unaudited condensed consolidated financial results for the Period 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.

## COMPLIANCE ADVISER

Following the resignation of Vinco Capital Limited as the Company's compliance adviser with effective on 25 June 2017 (please refer to the Company's announcement dated 25 May 2017 for details), the Company did not have a compliance adviser as at 30 June 2017. Subsequent to the Transfer of Listing, the Company is required, under Rule 9A.13 of the Listing Rules, to continue to appoint a compliance adviser up to the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the date of its initial listing on GEM. The Company will appoint a replacement of compliance adviser to fill the vacancy as soon as possible within three months from 25 June 2017 pursuant to Rule 6A.27 of the GEM Listing Rules. Further announcement will be made by the Company in relation to such appointment as and when appropriate.

## DEFINITIONS

In this report, 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 14 to the Listing Rules or Appendix 15 to the GEM Listing Rules (which were applicable during the Period prior to the Transfer of Listing)
“close associate(s)”	has the meaning ascribed thereto under the 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
“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
“HKFRS(s)”	Hong Kong Financial Reporting Standards issued by the HKICPA
“Korea”	the Republic of Korea
“Listing”	the listing of the Shares on GEM on 9 October 2015
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented and/or otherwise modified from time to time as the context may require
“Model Code”	a code of conduct adopted by the Company regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Appendix 10 of the Listing Rules
“Main Board”	the stock market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) which stock market continues to be operated by the Stock Exchange in parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM

“Period”	the six months ended 30 June 2017
“Placing”	the placing of the Shares by the Company in connection with the Listing, particulars of which are set out in the Prospectus
“Platinum Dynamic”	Platinum Dynamic Investments Ltd, a company incorporated in the BVI wholly-owned by Mr. Chow Hin Keong, chairman of the Board and an executive Director, and is a controlling shareholder (as defined under the Listing Rules) of the Company
“PRC”	the People’s Republic of China, save that, for the purpose of this report and unless the context otherwise requires, references in this report do not include Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“PRC Subsidiary”	東莞市佳駿電子科技有限公司(Dongguan Jia Jun Electronic Technology Company Limited*), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Prospectus”	the prospectus of the Company dated 30 September 2015 issued in connection with the Listing
“Scheme”	the share option scheme of the Company adopted by the Shareholders on 23 September 2015

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Silver Dynamic”	Silver Dynamic Investments Ltd, a company incorporated in the BVI wholly-owned by Mr. Chow Hin Kok, an executive Director and the chief executive officer of the Company, and a controlling shareholder (as defined under the Listing Rules) of the Company
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Transfer of Listing”	the transfer of listing of the Shares from GEM to the Main Board
“%”	per cent

\* *The English translation of the company name is for reference only. The official name of this company is in Chinese.*