



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)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 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 six months ended 30 June 2016, turnover of the Group was approximately HK\$117.2 million, representing an increase of approximately HK\$12.8 million or 12.3% as compared to the corresponding period in 2015.
- For the six months ended 30 June 2016, gross profit of the Group increased by approximately 9.2% to approximately HK\$42.6 million as compared to the corresponding period in 2015.
- The Group's profit for the six months ended 30 June 2016 amounted to approximately HK\$22.0 million, while the Group recorded a profit of approximately HK\$10.4 million for the six months ended 30 June 2015.
- Basic earnings per share for the six months ended 30 June 2016 was approximately HK2.75 cents, and basic earnings per share for the six months ended 30 June 2015 was approximately HK1.93 cents.
- The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2016. During the six months ended 30 June 2015, 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 three months and six months ended 30 June 2016 together with the unaudited comparative figures for the corresponding periods in 2015 as follows:

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

For the three months and six months ended 30 June 2016

	Notes	Three months ended 30 June		Six months ended 30 June	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Turnover	3	64,672	55,339	117,173	104,362
Cost of sales		(40,228)	(32,338)	(74,551)	(65,394)
Gross profit		24,444	23,001	42,622	38,968
Other income		1,407	11	1,446	75
Selling and distribution costs		(2,772)	(2,833)	(5,143)	(5,234)
Administrative expenses		(5,626)	(12,429)	(11,228)	(18,216)
Profit before tax	4	17,453	7,750	27,697	15,593
Income tax expenses	5	(3,372)	(3,135)	(5,722)	(5,177)
Profit for the period		14,081	4,615	21,975	10,416
Other comprehensive (expense) income for the period					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange difference arising on translation of a foreign operation		(2,390)	343	(1,827)	8
Total comprehensive income for the period attributable to owners of the Company		11,691	4,958	20,148	10,424
Earnings per share	6				
– Basic (HK cents)		1.76	0.85	2.75	1.93
– Diluted (HK cents)		1.76	0.85	2.75	1.93

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

		30 June	31 December
		2016	2015
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Non-current assets			
Plant and equipment		74,724	60,474
Intangible asset		845	1,681
Prepayment for plant and equipment		4,611	3,889
		<u>80,180</u>	<u>66,044</u>
Current assets			
Inventories		17,477	18,781
Trade and other receivables	8	63,202	47,315
Pledged deposit		5,049	5,035
Bank balances and cash		62,581	72,466
		<u>148,309</u>	<u>143,597</u>
Current liabilities			
Trade and other payables	9	45,246	49,755
Tax payables		7,914	4,705
		<u>53,160</u>	<u>54,460</u>
Net current assets		<u>95,149</u>	<u>89,137</u>
Total assets less current liabilities		<u>175,329</u>	<u>155,181</u>
Non-current liability			
Deferred tax liabilities		226	226
		<u>175,103</u>	<u>154,955</u>
Capital and reserves			
Share capital		8,000	8,000
Reserves		167,103	146,955
		<u>175,103</u>	<u>154,955</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.

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 three months and six months ended 30 June 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 Chapter 18 of the GEM Listing Rules and the Hong Kong Accounting Standard 34 Interim Financial Reporting 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 and six months ended 30 June 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 and six months ended 30 June 2015.

The basis of preparation and accounting policies adopted in preparing these unaudited condensed consolidated financial results for the three months and six months ended 30 June 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 Group has adopted the new or revised HKFRSs which are effective for accounting periods commencing on or after 1 January 2016.

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 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.

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 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 for the six months ended 30 June 2016:

	Six months ended 30 June					
	Manufacturing		Trading		Total	
	2016	2015	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue	<u>91,154</u>	<u>74,014</u>	<u>26,019</u>	<u>30,348</u>	<u>117,173</u>	<u>104,362</u>
Segment profit	<u>33,977</u>	<u>30,821</u>	<u>3,502</u>	<u>2,913</u>	<u>37,479</u>	<u>33,734</u>
Unallocated income					<u>1,446</u>	<u>75</u>
Unallocated expenses					<u>(11,228)</u>	<u>(18,216)</u>
Profit before tax					<u>27,697</u>	<u>15,593</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the Period (2015: nil).

Segment assets and liabilities

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

	As at 30 June 2016 <i>HK\$'000</i> (Unaudited)	As at 31 December 2015 <i>HK\$'000</i> (Audited)
SEGMENT ASSETS		
Manufacturing	143,428	113,578
Trading	14,379	13,912
Unallocated	<u>70,682</u>	<u>82,151</u>
Total assets	<u>228,489</u>	<u>209,641</u>
SEGMENT LIABILITIES		
Manufacturing	24,887	27,052
Trading	16,166	18,212
Unallocated	<u>12,333</u>	<u>9,422</u>
Total liabilities	<u>53,386</u>	<u>54,686</u>

4. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Three months ended 30 June		Six months ended 30 June	
	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)
Listing expenses	–	8,051	–	10,089
Auditor's remuneration	–	–	–	–
Amount of inventories recognised as expenses	40,228	32,338	74,551	65,394
Depreciation of plant and equipment	2,104	1,811	4,446	3,585
Amortisation of intangible asset	<u>418</u>	<u>73</u>	<u>836</u>	<u>73</u>

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 expenses in the unaudited condensed consolidated statement of profit or loss and other comprehensive income are:

	Three months ended		Six months ended	
	30 June		30 June	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax				
Hong Kong Profits Tax	2,215	1,810	3,301	2,696
PRC Enterprise Income Tax	1,157	1,325	2,421	2,512
	<u>3,372</u>	<u>3,135</u>	<u>5,722</u>	<u>5,208</u>
Deferred tax	<u>–</u>	<u>–</u>	<u>–</u>	<u>(31)</u>
	<u><u>3,372</u></u>	<u><u>3,135</u></u>	<u><u>5,722</u></u>	<u><u>5,177</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 the six months ended 30 June 2016 and 2015.
- (ii) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30 June 2016 and 2015.
- (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 2016 and 2015.

6. 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 and six months ended 30 June 2016 is based on the unaudited profit for the periods of approximately HK\$14,081,000 (2015: HK\$4,615,000) and approximately HK\$21,975,000 (2015: HK\$10,416,000) respectively and on the weighted average number of approximately 800,000,000 (2015: 540,000,000) ordinary shares for the three months and six months ended 30 June 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 the three months and six months ended 30 June 2016 and 2015 as there were no potential dilutive ordinary shares outstanding during these periods.

7. DIVIDEND

No interim dividend was paid or proposed during the six months ended 30 June 2016, nor has any interim dividend been, proposed since the end of the Period (2015: nil).

8. TRADE AND OTHER RECEIVABLES

	As at 30 June 2016 <i>HK\$'000</i> (Unaudited)	As at 31 December 2015 <i>HK\$'000</i> (Audited)
Trade receivables	52,843	35,402
Deposits and other receivables	2,274	2,440
Prepayments	8,085	9,473
	<u>63,202</u>	<u>47,315</u>

The Group does not hold any collateral over its trade and other receivables. No impairment of trade and other receivables had been recognised during the six months ended 30 June 2016 and the year ended 31 December 2015.

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 date, at the end of the reporting period.

	As at 30 June 2016 <i>HK\$'000</i> (Unaudited)	As at 31 December 2015 <i>HK\$'000</i> (Audited)
Within 3 months	50,068	34,578
Over 3 months but less than 6 months	2,775	824
	<u>52,843</u>	<u>35,402</u>

9. TRADE AND OTHER PAYABLES

	As at 30 June 2016 <i>HK\$'000</i> (Unaudited)	As at 31 December 2015 <i>HK\$'000</i> (Audited)
Trade payables	36,450	41,625
Payables for plant and equipment	1,440	180
Receipts in advance	422	–
Accruals and other payables	<u>6,934</u>	<u>7,950</u>
	<u>45,246</u>	<u>49,755</u>

Included in the Group's accruals and other payables as at 30 June 2016 were accrued directors' emoluments of approximately HK\$383,000 (31 December 2015: HK\$482,000). 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 reporting period.

	As at 30 June 2016 <i>HK\$'000</i> (Unaudited)	As at 31 December 2015 <i>HK\$'000</i> (Audited)
Within 3 months	31,959	33,782
Over 3 months but less than 6 months	<u>4,491</u>	<u>7,843</u>
	<u>36,450</u>	<u>41,625</u>

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.

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 2016. 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 2016

1. Continue to increase sales of the Group's self-manufactured products and penetrate markets with growth opportunities

Approximately 77.8% of the turnover for the Period was derived from sale of self-manufactured products, representing an increase from 2015 where the self-manufactured products accounted for approximately 70.9% of the turnover for that period. In line with the Group's expansion plan as disclosed in the Prospectus, the Group has acquired additional equipment to enhance the production lines for the production of its SOT26 packages, which are generally smaller in size and more cost competitive as compared to part of SOD series packages and carry a higher profit margin. In light of customers' indication of demand and advance orders for SOT563 packages, the Group has pushed forward its SOT563 production line development plan and mass production run commenced in the first quarter of 2016. The Group has also expanded the existing production line for manufacturing of its high-profit-margin DFN1006 products.

The Group has continued to participate in product exhibition in April 2016 with a view to introducing its products and brands to potential customers.

The number of the Group's customers increased from 93 as at 30 June 2015 to 112 as at 30 June 2016.

Business Objectives

Actual Business Progress up to 30 June 2016

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 DFN0603 products, which is of a size of 0.61 mm × 0.32 mm × 0.3 mm, about half the size of the Group's existing DFN series products already in commercial production, and carries a higher profit margin as compared to the average profit margin of the Group's other product offerings. Mass production of this product will commence in the second half of 2016.

The Group has also successfully developed its SOT563 products and mass production run commenced in the first quarter of 2016.

Apart from the above, the Group has continued to expand its self-manufactured products mix to include DFN1608, ABF and SMAF in meeting customers' demand.

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 evaluate the need (and possible timeframe) for increasing the investment in its engineering and quality management team in order to enhance its application and development capabilities to offer the most efficient value-added services to the customers. In particular, the Group's engineering and quality management staff has increased from 37 as at 30 June 2015 to 55 as at 30 June 2016.

4. Continue to attract and retain top talent in the industry

The Group's staff count has grown along with the operation scale of the Group during the Period, and the number of its full-time employees expanded from 244 as at 31 December 2015 to 282 as at 30 June 2016. The Group has continued to review its staff performance vis-a-vis the Group's current business scale and consider further recruitment as and when the management considers appropriate.

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

- (i) 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;
- (ii) 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 its results of operations in that period; and
- (iii) the Group relies on the stable operation of its production facilities and there is no assurance that its production would be free of disruption 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 think it is 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, approximately HK\$11.5 million from the net proceeds raised from the Placing has been applied towards the purchase of equipment for the expansion of the Group's production lines including that for its SOT26, DFN1006 and DFN0603 packages, and its SOT563 package (developed earlier than scheduled in light of customers' demand).

The unused net proceeds from the Placing in the amount of approximately HK\$12.6 million has been placed as interest bearing deposits with licensed bank in Hong Kong as at 30 June 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 half 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. The Group's 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. During the Period, the Group has also expanded its self-manufactured product offerings to include (i) the DFN1608 packages, which is an ultra slim and leadless package. The design of the package has excellent heat dissipation performance. Its principal applications include smart phones, power tools and mobile phone chargers; (ii) the ABF packages, which is a small-package sized surface mount package suitable for automated insertion. Its principal applications include lighting, portable devices and power supplies; and (iii) 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 televisions and mobile phone chargers. It is expected that SMA packages will gradually phase out and will be replaced by SMAF packages. 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 its customers varies from time to time, and given the widening of the Group's self-manufactured product offerings to meet its customers' demand, the Group's 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 its customers during the Period, segment profit 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 93 as at 30 June 2015 to 112 as at 30 June 2016.

FINANCIAL REVIEW

Turnover

The turnover of the Group amounted to approximately HK\$117.2 million for the Period, representing an increase of approximately HK\$12.8 million or 12.3% from approximately HK\$104.4million for the same period of last year. Such increase was primarily attributable to the growth of the Group's manufacturing business and orders for the new products introduced by the Group in the fourth quarter of 2015 and the first 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 as compared to the same period of last year.

The Group's trading of products primarily complements its 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 its customers, and that part of their demand has been satisfied by the introduction of the Group's new products during the fourth quarter of 2015 and the first quarter of 2016.

Gross profit and gross profit margin

The Group's gross profit amounted to approximately HK\$42.6 million for the Period, representing an increase of approximately HK\$3.6 million or 9.2% from approximately HK\$39.0million for the same period of last year, which was in line with the increase in the Group's turnover during the Period. The Group's gross profit margin for the Period was approximately 36.3%, a slight decrease as compared to a gross profit margin of approximately 37.4% for the same period of last year. Such decrease was primarily attributable to a decrease in both the sales volume and profit margin of the Group's SOD123FL packages during the Period as a result of varying customer demand.

Profit before tax

The Group's selling and distribution costs for the Period amounted to approximately HK\$5.1 million, which was approximately the same as that for the same period of last year. At the same time, the Group's administrative expenses decreased by approximately 38.5%, or HK\$7.0 million as compared to approximately HK\$18.2million 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\$12.1 million or 77.6% to approximately HK\$27.7 million for the Period from approximately HK\$15.6 million for the same period of last year.

Income tax expenses

The Group's income tax expenses for the Period increased by approximately 9.6%, or HK\$0.5 million as compared to approximately HK\$5.2 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.

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

The Group's profit for the Period increased by approximately 111.5%, or HK\$11.6 million to approximately HK\$22.0 million as compared to approximately HK\$10.4 million for the same period of last year, which was primarily attributable to the increase in the Group's turnover during the Period and the decrease in administrative expenses incurred in connection with the 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 increased to approximately 18.8% as compared to approximately 10.0% for the same period of last year as a result of the above.

As a result of the foregoing, the Group's total comprehensive income attributable to owners of the Company amounted to approximately HK\$20.1 million for the Period, representing an increase of approximately HK\$9.7 million or 93.3% from approximately HK\$10.4 million for the same period of last year.

Liquidity and financial resources and capital structure

Prior to the Listing, the Group's operations had generally been financed by a combination of internally generated cash flows and advances from shareholders. Net proceeds in the amount of approximately HK\$40.8 million were raised from the Placing, and during the Period, the operations of the Group were funded by internally generated cash flows and net proceeds from the Placing.

The Group's outstanding capital commitments as at 30 June 2016 amounted to approximately HK\$7.5 million (31 December 2015: approximately HK\$4.4 million). Such commitments primarily related to purchase of equipment and machineries to further enhance reliability testing of the Group's products in order to deliver higher quality products and satisfy the ever-increasing customer expectations.

As at 30 June 2016, the Group had no outstanding bank borrowings (31 December 2015: nil).

Please refer to note 9 to the condensed consolidated financial statements in this announcement for the ageing analysis in respect of the trade payables of the Group as at 30 June 2016 and 31 December 2015.

The Group's gearing ratio as at 30 June 2016 and 31 December 2015, which was calculated by dividing the total borrowings by the total equity as at those dates, were nil.

Charges on group assets

As at 30 June 2016, an amount of approximately HK\$5.0 million (31 December 2015: approximately HK\$5.0 million) was pledged to a bank to secure short-term bank facilities granted to the Group.

Significant investment/Material acquisitions and disposals

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

Contingent liabilities

As at 30 June 2016, the Group did not have any significant contingent liabilities.

Exposure to fluctuations in exchange rates and any related hedges

The Group exposed to foreign currency risks as several of its subsidiaries have foreign currency sales and purchases. For the six months ended 30 June 2016 and 2015, approximately 71.0% and 75.9%, 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 24.2% and 22.7%, respectively, of the Group's 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 2016 and 31 December 2015 are as follows:

	Assets		Liabilities	
	30 June 2016 <i>HK\$'000</i> (Unaudited)	31 December 2015 <i>HK\$'000</i> (Audited)	30 June 2016 <i>HK\$'000</i> (Unaudited)	31 December 2015 <i>HK\$'000</i> (Audited)
United States dollars	44,706	30,980	3,020	4,375
Renminbi	12,576	4,757	7,574	6,788
HK\$	2,897	3,211	-	-
	60,179	38,948	10,594	11,163

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 2016, the Group had a workforce of 284 full-time employees (including two executive Directors but excluding three independent non-executive Directors) of whom approximately 96.1% were employed in the PRC and approximately 3.9% in Hong Kong. The Group's staff costs (excluding contributions to pension schemes) for the six months ended 30 June 2016 and 2015 amounted to approximately HK\$11.7 million and HK\$9.3 million, respectively. The Group's employees in Hong Kong are required to participate in the Mandatory Provident Fund scheme under which the Group 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 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.

DIVIDENDS

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2016. During the six months ended 30 June 2015, no interim dividend was paid or declared.

BUSINESS PROSPECT

The competitive landscape in the market has generally remained consistent during the Period with that of 2015 and the Group has adhered to its existing business strategies and achieved an encouraging overall business growth from the previous year. However, in light of the recent economic and market uncertainties, the Group will adopt a prudent approach in implementing expansion plans stated above and closely monitor the market with a view to reacting to market changes with appropriate countermeasures in the interests of the Company and Shareholders.

The Group remains cautiously optimistic on achieving 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.

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 in the first half of 2016. However, in light of the global economic uncertainties brought by, among other things, the United Kingdom's impending exit from the European Union which could potentially affect the customers' demands, the Group will adopt a prudent approach towards production line expansions and increases in the range of its product offerings, while keeping its business focus on technologically advanced products and striving to remain competitive and responsive to market trends.

Notwithstanding economic uncertainties ahead, 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, and plans to focus on manufacturing of SOT series packages including SOT26 and SOT563, and DFN series packages including DFN0603 and DFN1006. The management is also evaluating market interests on SOT723 packages and reviewing the implementation timetable of setting up of the SOT723 packages production line, subject to the latest market trends.

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 and quality management 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.

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 OPTIONS

The Company adopted a share option scheme on 23 September 2015. 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 30 June 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 (chairperson of audit committee), Ms. Wong Sau Ying and Ms. Chan Mei Po.

The audit committee has reviewed 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.

INTEREST OF COMPLIANCE ADVISER

The Company has received confirmation from its compliance adviser, Celestial Capital Limited (the "Compliance Adviser"), that as at 30 June 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.

COMPETING INTERESTS

None of the Directors or controlling shareholders of the Company and their respective 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 Period.

DEFINITIONS

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

"ABF"	a very thin type of bridge rectifier package which is manufactured using clip bonding technique for more advanced thinner portable electronic devices
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“associate(s)”	has the meaning as ascribed thereto under the GEM Listing Rules
“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
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“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
“HKFRS(s)”	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 of the Hong Kong Stock Exchange on 9 October 2015
“Period”	the six months ended 30 June 2016
“Placing”	the placing of the Shares by the Company in connection with the Listing, particulars of which are set out in the Prospectus
“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
“Prospectus”	the Company’s prospectus 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
“Scheme”	the share option scheme 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
“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

“%”

per cent

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

Hong Kong, 9 August 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 Announcement” 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**.*