

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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: 2203)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

HIGHLIGHTS

- For the six months ended 30 June 2018, turnover of the Group was approximately HK\$178.4 million, representing an increase of approximately HK\$36.2 million or 25.5% as compared to the corresponding period in 2017.
- For the six months ended 30 June 2018, gross profit of the Group increased by approximately 15.2% to approximately HK\$52.3 million as compared to the corresponding period in 2017.
- The Group's profit for the six months ended 30 June 2018 amounted to approximately HK\$22.7 million, while the Group recorded a profit of approximately HK\$21.0 million for the six months ended 30 June 2017.
- Basic earnings per share for the six months ended 30 June 2018 was approximately 2.84 HK cents, and basic earnings per share for the six months ended 30 June 2017 was approximately 2.62 HK cents.
- The Board does not recommend payment of any interim dividend for the six months ended 30 June 2018. During the six months ended 30 June 2017, no interim dividend was paid or declared.

The Board is pleased to announce the unaudited condensed consolidated financial results of the Group for the six months ended 30 June 2018 together with the unaudited comparative figures for the corresponding period in 2017, as follows:

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

For the six months ended 30 June 2018

	Notes	Six months ended	
		2018	2017
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Turnover	3	178,366	142,166
Cost of sales		<u>(126,074)</u>	<u>(96,729)</u>
Gross profit		52,292	45,437
Other income		1,885	44
Selling and distribution costs		(6,890)	(4,621)
Administrative expenses		<u>(19,609)</u>	<u>(14,228)</u>
Profit before tax	4	27,678	26,632
Income tax expenses	5	<u>(4,986)</u>	<u>(5,666)</u>
Profit for the period		<u>22,692</u>	<u>20,966</u>
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		<u>(1,176)</u>	<u>4,433</u>
Total comprehensive income for the period attributable to owners of the Company		<u>21,516</u>	<u>25,399</u>
Earnings per share	6		
– Basic and diluted (<i>HK cents</i>)		<u>2.84</u>	<u>2.62</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	<i>Notes</i>	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Non-current assets			
Plant and equipment	8	120,671	131,481
Intangible asset		–	–
Prepayment for plant and equipment		<u>34,937</u>	<u>5,434</u>
		<u>155,608</u>	<u>136,915</u>
Current assets			
Inventories		35,996	38,476
Trade and other receivables	9	96,713	94,640
Pledged deposit		5,107	5,092
Bank balances and cash		<u>55,706</u>	<u>42,135</u>
		<u>193,522</u>	<u>180,343</u>
Current liabilities			
Trade and other payables	10	71,031	64,143
Tax payables		<u>6,731</u>	<u>3,263</u>
		<u>77,762</u>	<u>67,406</u>
Net current assets		<u>115,760</u>	<u>112,937</u>
Total assets less current liabilities		<u>271,368</u>	<u>249,852</u>
Non-current liability			
Deferred tax liability		<u>70</u>	<u>70</u>
		<u>271,298</u>	<u>249,782</u>
Capital and reserves			
Share capital		8,000	8,000
Reserves		<u>263,298</u>	<u>241,782</u>
		<u>271,298</u>	<u>249,782</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Share capital HK\$'000	Share premium HK\$'000	PRC statutory reserve HK\$'000	Capital reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
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>
At 1 January 2018 (audited)	8,000	104,098	5,405	8	(1,087)	133,358	249,782
Profit for the period	-	-	-	-	-	22,692	22,692
Other comprehensive expense for the period:							
Exchange difference arising on translation of a foreign operation	-	-	-	-	(1,176)	-	(1,176)
Total comprehensive income for the period	-	-	-	-	(1,176)	22,692	21,516
At 30 June 2018 (unaudited)	<u>8,000</u>	<u>104,098</u>	<u>5,405</u>	<u>8</u>	<u>(2,263)</u>	<u>156,050</u>	<u>271,298</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)
OPERATING ACTIVITIES		
Profit before tax	27,678	26,632
Adjustments for:		
Bank interest income	(21)	(32)
Depreciation of plant and equipment	9,541	6,759
Government grants	(1,307)	–
Gain on disposal of plant and equipment	(87)	–
Operating cash flows before movements in working capital	35,804	33,359
Decrease (increase) in inventories	2,237	(9,046)
Increase in trade and other receivables	(3,092)	(12,556)
Increase in trade and other payables	6,891	13,453
Cash generated from operations	41,840	25,210
Hong Kong Profits Tax paid	(120)	–
PRC Enterprise Income Tax paid	(1,420)	(2,240)
NET CASH GENERATED FROM OPERATING ACTIVITIES	40,300	22,970
INVESTING ACTIVITIES		
Acquisition of plant and equipment	(889)	(19,417)
Proceeds from disposal of plant and equipment	4,752	–
Settlement of payables for plant and equipment	(972)	(5,606)
Prepayment for plant and equipment	(31,548)	(14,158)
Bank interest received	6	18
NET CASH USED IN INVESTING ACTIVITIES	(28,651)	(39,163)
FINANCING ACTIVITY		
Government grants received	1,307	–
NET CASH GENERATED FROM FINANCING ACTIVITY	1,307	–
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	12,956	(16,193)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	42,135	79,205
Effect of foreign exchange rate changes	615	520
CASH AND CASH EQUIVALENTS AT END OF PERIOD, REPRESENTED BY BANK BALANCES AND CASH	55,706	63,532

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 are listed on the Main Board of the Stock Exchange.

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 the 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 2018 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 and 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 2018 are consistent with those adopted in the preparation of the Group's annual report for the year ended 31 December 2017, 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 2018.

The impact of the adoption of HKFRS 15 *Revenue from Contracts with Customers* is disclosed below.

HKFRS 15 Revenue from Contracts with Customers

Presentation of liabilities related to contracts with customers

The Group receives advanced receipts from customers prior to goods sold and recorded such advanced receipts in other payables. The adoption of HKFRS 15 resulted in the presentation of the receipts in advance under other payables renamed as contract liabilities to be consistent with the terminology used under HKFRS 15.

Other than discussed above, the adoption of HKFRS 15 did not result in any material impact to the unaudited condensed consolidated financial statements of the Group as the timing of revenue recognition on sales of products is not changed.

Except as described above, 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	
	2018	2017	2018	2017	2018	2017
	<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>118,935</u>	<u>112,186</u>	<u>59,431</u>	<u>29,980</u>	<u>178,366</u>	<u>142,166</u>
Segment profit	<u>38,481</u>	<u>36,258</u>	<u>8,236</u>	<u>4,558</u>	<u>46,717</u>	40,816
Unallocated income					570	44
Unallocated expenses					<u>(19,609)</u>	<u>(14,228)</u>
Profit before tax					<u>27,678</u>	<u>26,632</u>

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales during the period (2017: nil).

Segment assets and liabilities

The followings are the analysis of the Group's assets and liabilities by reportable and operating segments:

	As at 30 June 2018 HK\$'000 (Unaudited)	As at 31 December 2017 HK\$'000 (Audited)
SEGMENT ASSETS		
Manufacturing	252,179	239,376
Trading	33,875	27,977
Unallocated	63,076	49,905
	<u>349,130</u>	<u>317,258</u>
SEGMENT LIABILITIES		
Manufacturing	34,360	37,609
Trading	30,807	19,972
Unallocated	12,665	9,895
	<u>77,832</u>	<u>67,476</u>

4. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging (crediting):

	Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Amount of inventories recognised as expenses	126,074	96,729
Depreciation of plant and equipment	9,541	6,759
Research and development costs	6,443	–
Government grants (<i>Note</i>)	(1,307)	–
Gain on disposals of plant and equipment	(87)	–
	<u>(87)</u>	<u>–</u>

Note: Government grants were received from local government authorities of which the Group fulfilled all conditions attached to the subsidies and recognised as other income upon receipt during the period ended 30 June 2018.

5. INCOME TAX EXPENSES

The Group calculates the income tax expense of relevant periods 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:

	Six months ended	
	30 June	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong Profits Tax	4,235	3,575
PRC Enterprise Income Tax	751	2,091
	4,986	5,666
Deferred tax	—	—
	4,986	5,666

- (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 2018 and 2017.
- (ii) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30 June 2018 and 2017.
- (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, which was recently granted the status of High and New-Technology Enterprise by the local tax authorities, is entitled to a reduced tax rate at 15% for the six months ended 30 June 2018 (25% for the six months ended 30 June 2017).

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	
	2018	2017
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose of basic earnings per share		
– Profit for the period attributable to owners of the Company	<u>HK\$22,692,000</u>	<u>HK\$20,966,000</u>
Number of shares		
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 2018 and 2017 as there were no dilutive ordinary shares outstanding during these periods.

7. DIVIDEND

No interim dividend was paid or proposed during the period ended 30 June 2018, nor has any interim dividend been proposed since the end of the reporting period (six months ended 30 June 2017: nil).

8. PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired plant and equipment of approximately HK\$4,276,000 (six months ended 30 June 2017: HK\$26,385,000).

Plant and equipment with a net carrying value of approximately HK\$4,665,000 were disposed of by the Group during the six months ended 30 June 2018 (six months ended 30 June 2017: nil) for cash proceeds of approximately HK\$4,752,000 (six months ended 30 June 2017: nil), resulting in a net gain on disposals of approximately HK\$87,000 (six months ended 30 June 2017: nil).

9. TRADE AND OTHER RECEIVABLES

	As at 30 June 2018 HK\$'000 (Unaudited)	As at 31 December 2017 HK\$'000 (Audited)
Trade receivables	79,341	70,597
Deposits and other receivables	8,751	8,898
Prepayments	8,621	15,145
	<u>96,713</u>	<u>94,640</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 2018 and the year ended 31 December 2017.

The Group allows a credit period of 0 to 120 days (31 December 2017: 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 reporting period.

	As at 30 June 2018 HK\$'000 (Unaudited)	As at 31 December 2017 HK\$'000 (Audited)
Within 3 months	73,211	67,828
Over 3 months but less than 6 months	6,130	2,769
	<u>79,341</u>	<u>70,597</u>

10. TRADE AND OTHER PAYABLES

	As at 30 June 2018 HK\$'000 (Unaudited)	As at 31 December 2017 HK\$'000 (Audited)
Trade payables	61,271	53,961
Payables for plant and equipment	1,342	972
Contract liabilities	108	57
Accruals and other payables	8,310	9,153
	<u>71,031</u>	<u>64,143</u>

Included in the Group's accruals and other payables as at 30 June 2018 were accrued directors' emoluments of approximately HK\$89,000 (31 December 2017: HK\$564,000). 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 2018 HK\$'000 (Unaudited)	As at 31 December 2017 HK\$'000 (Audited)
Within 3 months	52,066	50,279
Over 3 months but less than 6 months	9,205	3,682
	<u>61,271</u>	<u>53,961</u>

The credit period on purchases of goods ranged from 30 days to 120 days (31 December 2017: 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

As at 30 June 2018, 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\$8,808,000 (31 December 2017: HK\$4,363,000).

12. RELATED PARTY DISCLOSURES

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

(a) Related parties' transactions

During the six months ended 30 June 2018 and 2017, the Group was granted the right (at nil consideration) to use two trademarks registered by a company jointly controlled by an independent third party and Mr. Chow Hin Keong, a former Shareholder and Director who entered into an agreement on 27 April 2018 to dispose of Shares indirectly held by him, and who resigned as a Director on 8 June 2018.

(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 2018 and 2017.

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

As at 30 June 2018, the Group had no material contingent liabilities (31 December 2017: nil).

14. APPROVAL OF UNAUDITED CONDENSED CONSOLIDATED FINANCIAL RESULTS

The unaudited condensed consolidated financial results were approved and authorised for issue by the Board on 27 August 2018.

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 2018 has demonstrated an increase of approximately 6.0% 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 packages. 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 which, however, are not manufactured by the Group. The product mix required by customers varies from time to time and the Group's trading segment for the Period achieved a significant increase in turnover of approximately 98.0% together with a segment profit improvement of approximately 78.3% as compared to the corresponding period in the last year.

During the Period, the Group continued its ongoing efforts in research and development ("R&D") and innovations. During the Period, the Group registered six patent rights in the PRC in respect of its process innovation and product innovation. Also, the PRC Subsidiary was granted the status of High and New-Technology Enterprise by the local tax authorities and is entitled to a reduced PRC Enterprise Income Tax rate at 15% for three years from 2018.

The number of the Group's customers increased from 134 as at 30 June 2017 to 150 as at 30 June 2018.

Financial review

Turnover

The turnover of the Group amounted to approximately HK\$178.4 million for the Period, representing an increase of approximately HK\$36.2 million or 25.5% from approximately HK\$142.2 million for the same period of last year. Such increase was mainly attributable to the significant increase in the Group's trading business during the Period as a result of its continuous effort in expanding its customer base.

The turnover derived from sales of its self-manufactured products demonstrated a growth of approximately 6.0% 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 as compared to the same period of last year.

The Group's trading of electronic and electrical parts and components 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 98.0% 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 changes in product mix as 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\$52.3 million for the Period, representing an increase of approximately HK\$6.9 million or 15.2% from approximately HK\$45.4 million for the same period of last year. The Group's gross profit margin for the Period was approximately 29.3%, a decrease as compared with the gross profit margin of approximately 31.9% for the same period of last year. Such decrease was primarily the result of sales of varying types and volumes of self-manufactured and trading products (which carry different gross profit margins) sold by the Group to the customers and also the proportionately higher cost of inventory sold during the Period due to an increase in costs of inventory.

Profit before tax

The Group's selling and distribution costs for the Period amounted to approximately HK\$6.9 million, which represented an increase of approximately 50.0% from that for the same period of last year. Such increase was primarily attributable to the increased commission paid to third-party agent, which was in line with the growth of the Group's sales to customers referred by its third-party agent. The Group's administrative expenses increased by approximately 38.0%, or HK\$5.4 million as compared to approximately HK\$14.2 million for the same period of last year, primarily reflecting an increase in R&D expenses. As a result, the Group's profit before tax increased by approximately HK\$1.1 million or 4.1% to approximately HK\$27.7 million for the Period from approximately HK\$26.6 million for the same period of last year.

Income tax expenses

The Group's income tax expenses for the Period was approximately HK\$5.0 million, which represented a decrease of approximately 12.3%, or HK\$0.7 million from approximately HK\$5.7 million for the same period of last year, as a result of the PRC subsidiary of the Group's entitlement of a reduction in the PRC Enterprise Income Tax rate at 15% for three years from 2018.

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\$22.7 million, representing an increase by approximately 8.1%, or HK\$1.7 million as compared to approximately HK\$21.0 million for the same period of last year, which was in line with the Group's increased turnover during the Period.

Net profit margin for the Period is calculated by dividing the profit for the Period by the turnover for the Period. The Group's net profit margin for the Period was approximately 12.7% as compared to approximately 14.8% for the same period of last year. The decrease in net profit margin was primarily attributable to the decrease in the Group's gross profit margin and increase in the Group's selling and distribution costs and its administrative expenses.

As a result of the foregoing, and 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\$21.5 million, representing a decrease of approximately HK\$3.9 million or 15.4% from approximately HK\$25.4 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 principally by internally generated cash flows. The Group also has committed bank facilities of HK\$5.0 million which was unutilised as at 30 June 2018.

The Group's outstanding capital commitments as at 30 June 2018 amounted to approximately HK\$8.8 million (31 December 2017: HK\$4.4 million). Such commitments primarily related to purchase of equipment and machineries to expand the production capacity of the Group's production facilities. Such outstanding commitments are expected to be funded primarily by the Group's internally generated resources.

As at 30 June 2018, the Group had no outstanding bank borrowings.

Please refer to note 10 to the unaudited condensed consolidated financial statements of the Group in this announcement for the ageing analysis in respect of the trade payables of the Group as at 30 June 2018 and 31 December 2017.

The Group's gearing ratio as at 30 June 2018 and 31 December 2017, 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 2018, cash deposits amounting to approximately HK\$5.1 million (31 December 2017: 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 2018, the Group did not have any significant contingent liabilities.

Exposure to fluctuations in exchange rates

The Group was exposed to foreign currency risks as certain part of the Group's sales and purchases was settled in foreign currencies during the Period. For the six months ended 30 June 2018 and 2017, approximately 73.1% and 73.8%, respectively, of the Group's sales were denominated in currencies other than the functional currency of the group entities making the sale, and approximately 23.7% and 29.4%, 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 2018 and 31 December 2017 are as follows:

	Assets		Liabilities	
	30 June 2018 <i>HK\$'000</i> (Unaudited)	31 December 2017 <i>HK\$'000</i> (Audited)	30 June 2018 <i>HK\$'000</i> (Unaudited)	31 December 2017 <i>HK\$'000</i> (Audited)
United States dollars ("US\$")	78,361	54,518	3,438	3,166
Renminbi ("RMB")	9,649	8,021	12,048	4,966
HK\$	10,232	2,500	–	–
Total:	<u>98,242</u>	<u>65,039</u>	<u>15,486</u>	<u>8,132</u>

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 2018, the Group had a workforce of 367 full-time employees (including two executive Directors but excluding three independent nonexecutive Directors) of whom approximately 96.5% were employed in the PRC and approximately 3.5% in Hong Kong. The Group's staff costs (including Directors' emoluments) for the six months ended 30 June 2018 and 2017 amounted to approximately HK\$19.1 million and HK\$14.1 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 2018 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 2018. During the six months ended 30 June 2017, no interim dividend was paid or declared.

BUSINESS PROSPECT

As discussed above, the Group will continue its effort in the manufacturing and trading of discrete semiconductors business. As indicated by the significant increase in the trading business during the Period and in face of the demand for certain products, the Group recognises the need to evaluate the development of production lines for the manufacturing of new products in order to strengthen its customer base and profitability. To be competitive, the Group will also need to continue to upgrade its production facilities for maintaining quality products in order to satisfy increased customers' demand.

However, in view of the current global trade tariff dispute, the Group believes the issue will not be resolved in a short period of time, and the Group's turnover in the second half of the year 2018 could be adversely affected. The Group will closely monitor its business in face of uncertainties in the industry landscape and will be cautious by implementing stringent control on the labour costs and material costs. As disclosed in the Company's circular dated 18 May 2018, the management is also reviewing and evaluating the Group's business operations and financial position with a view to formulating sustainable business plan and strategies for the Group.

LIST OF DIRECTORS

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors

Mr. Zhang Liang Johnson

Ms. Wan Duo

Independent Non-Executive Directors

Mr. Xu Liang

Mr. Chen Johnson Xi

Ms. Zhang Yibo

CHANGES TO BOARD COMPOSITION DURING THE PERIOD

With effect from 19 May 2018, each of Mr. Zhang Liang Johnson and Ms. Wan Duo has been appointed as an executive Director.

As a result of a change in control of the Company, Mr. Chow Hin Keong, Mr. Chow Hin Kok, Ms. Wong Sau Ying, Ms. Chan Mei Po and Ms. Man Oi Yuk Yvonne have tendered their respective resignation as Directors and their respective positions held in the Company with effect from 9 June 2018.

With effect from 9 June 2018, each of Mr. Xu Liang, Mr. Chen Johnson Xi and Ms. Zhang Yibo has been appointed as an independent non-executive Director.

Following the above director appointments, Ms. Wan Duo, Mr. Xu Liang, Mr. Chen Johnson Xi and Ms. Zhang Yibo have been appointed to the respective roles in the Board committees as set out below with effect from 9 June 2018:

Audit Committee

Mr. Xu Liang (*Chairperson*)

Mr. Chen Johnson Xi

Ms. Zhang Yibo

Remuneration Committee

Mr. Chen Johnson Xi (*Chairperson*)

Mr. Xu Liang

Ms. Zhang Yibo

Ms. Wan Duo

Nomination Committee

Ms. Zhang Yibo (*Chairperson*)

Mr. Xu Liang

Mr. Chen Johnson Xi

Ms. Wan Duo

COMPETING INTERESTS

None of the Directors or controlling shareholders of the Company and their respective close associates (as defined in the 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 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.

SHARE OPTIONS

The Company adopted a share option scheme (the "Scheme") on 23 September 2015, the terms of which are consistent with the provisions of Chapter 17 of the Listing Rules. 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 2018.

AUDIT COMMITTEE

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

The primary duties of the audit committee are to review and supervise the financial reporting process of the Group. It also reviews the effectiveness of both the external audit and internal controls and risk management systems. The audit committee of the Company comprises three independent non-executive Directors, namely Mr. Xu Liang (chairperson of the audit committee), Mr. Chen Johnson Xi and Ms. Zhang Yibo.

The audit committee has reviewed this announcement 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.

INSUFFICIENT PUBLIC FLOAT AND SUSPENSION OF TRADING

Following the close of an offer made by Yoho Bravo Limited to acquire Shares in the Company on 8 June 2018, 42,742,000 Shares, representing approximately 5.3% of the entire issued share capital of the Company, are held by the public (within the meanings of the Listing Rules). Accordingly, the minimum public float requirement as set out in Rule 8.08(1)(a) of the Listing Rules has not been satisfied. Trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on Monday, 11 June 2018 at the request of the Company pending the restoration of public float of the Shares. Please refer to the Company's announcements dated 11 June 2018, 19 June 2018 and 7 August 2018 for further details.

DEFINITIONS

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

“Board”	the board of Directors
“BVI”	the British Virgin Islands
“CG Code”	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“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
“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 “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
“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

“Main Board”	the Main Board of the Stock Exchange
“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
“Period”	the six months ended 30 June 2018
“PRC”	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 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
“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
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

By Order of the Board
Top Dynamic International Holdings Limited
Zhang Liang Johnson
Executive Director

Hong Kong, 27 August 2018

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Zhang Liang Johnson, Ms. Wan Duo and three independent non-executive Directors, namely Mr. Xu Liang, Mr. Chen Johnson Xi and Ms. Zhang Yibo.