DATRONIX HOLDINGS LIMITED

連達科技控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 889)

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ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

The board of directors (the "Board") of Datronix Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2009 together with comparative figures in 2008 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2009

		Six months ended 30 June	
		2009	2008
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Turnover	3	**130,925**	142,551
Cost of sales		**(68,002)**	(77,608)
Gross profit		**62,923**	64,943
Other revenue		**1,860**	2,230
Distribution and selling expenses		**(8,510)**	(9,931)
Administrative expenses		**(20,800)**	(14,776)
Profit before taxation	4	**35,473**	42,466
Income tax	5	**(3,950)**	(6,029)
Profit for the period		**31,523**	36,437
Profit attributable to equity shareholders of the Company		**31,523**	36,437
Interim dividend	6	**7,040**	13,440
Earnings per share	7		
- Basic and diluted		**HK$0.099**	HK$0.114

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit for the period	**31,523**	36,437
Other comprehensive income:		
Exchange difference arising on translation of foreign operations	**3,882**	2,575
Total comprehensive income for the period	**35,405**	39,012
Total comprehensive income attributable to equity shareholders of the Company	**35,405**	39,012

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2009

	Note	**30 June 2009 (Unaudited)** *HK$'000*	31 December 2008 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**38,428**	38,972
Prepaid lease payments		**19,347**	19,087
		57,775	58,059
CURRENT ASSETS			
Inventories		**80,748**	77,765
Prepaid lease payments		**404**	586
Amount due from ultimate parent enterprise		**23**	23
Amount due from a related company		**16**	-
Tax reserve certificates		**13,624**	13,624
Prepayments, deposits and other receivables		**1,508**	1,508
Trade receivables	8	**24,384**	36,535
Cash and cash equivalents		**292,907**	246,648
		413,614	376,689
CURRENT LIABILITIES			
Trade and other payables	9	**16,988**	11,808
Current taxation		**16,367**	13,978
Provision		**11,865**	11,158
		45,220	36,944
NET CURRENT ASSETS		**368,394**	339,745
TOTAL ASSETS LESS CURRENT LIABILITIES		**426,169**	397,804
NON-CURRENT LIABILITIES			
Deferred taxation		**3,337**	3,337
NET ASSETS		**422,832**	394,467
CAPITAL AND RESERVES			
Issued capital	10	**32,000**	32,000
Reserves		**390,832**	362,467
TOTAL EQUITY		**422,832**	394,467

Notes:

1. Basis of preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" and other relevant HKASs, Interpretations and Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. Accounting policies

The accounting policies and basis of preparation adopted in these condensed consolidated interim financial statements are consistent with those adopted in the Company's 2008 Annual Report except as described below.

In the current period, the Group has adopted, for the first time, the new/revised Hong Kong Financial Reporting Standards ("new HKFRSs"), which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by HKICPA, that are effective for accounting periods beginning on 1 January 2009 and which are relevant to its operations. HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. HKFRS 8 is a disclosure Standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. In the past, the Group's primary reporting format was business segment determined in accordance with HKAS 14 Segment Reporting. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments. The adoption of the new HKFRSs had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

The following new/revised standards, amendments and interpretations have been issued but not yet effective for the current accounting period.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008 [1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 [2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [1]
HKAS 39 (Amendment)	Eligible Hedged Items [1]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[4]
HKFRS 3 (Revised)	Business Combinations [1]
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners [1]
HK(IFRIC) – Int 18	Transfers of Assets from Customers [3]

[1] Effective for annual periods beginning on or after 1 July 2009
[2] Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate
[3] Effective for transfers on or after 1 July 2009
[4] Effective for annual periods beginning on or after 1 July 2010

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The Company's directors anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. Turnover and segment information

The Group is principally engaged in the design, development, manufacture and sale of magnetic commonly used in consumer electronics, telecommunication equipment, data processing appliances and other electronics systems for coupling, isolation, filtering, interfacing and timing control appliances. No operating segment analysis is presented as there is only one operating segment.

The following is an analysis of the Group's turnover by geographical locations where merchandise is delivered:

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
United States of America (the "US")	**117,959**	125,243
Europe	**5,240**	7,029
Hong Kong	**6,925**	2,513
Southeast Asia (excluding Hong Kong)	**801**	7,766
	130,925	142,551

No analysis of profit attributable to the equity shareholders of the Company by geographical locations is presented as they were generally in line with the distribution of turnover as set out above.

4. Profit before taxation

Profit before taxation is stated after charging the following:

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Cost of inventories sold (excluding write-down of inventories)	**65,111**	77,354
Write-down of inventories, net	**2,891**	254
Depreciation and amortization	**2,966**	2,743

5. Income tax

The amount of income tax charged to the condensed consolidated income statement represents:

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Current tax		
Hong Kong	**2,811**	2,756
Overseas	**1,139**	3,273
	3,950	6,029

Hong Kong profits tax was calculated at the rate of 16.5% on the estimated assessable profits arising in or derived from Hong Kong during the period. Overseas taxation was calculated at the rates applicable in the respective jurisdictions.

The charge for the period can be reconciled to the profit per the condensed consolidated income statement as follows:

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Profit before taxation	**35,473**	42,466
Effect of tax at Hong Kong profits tax rate of 16.5%	**5,853**	7,007
Effect of different tax rates of subsidiaries operating in other Jurisdictions	**616**	2,027
Tax effect on non-taxable income	**(2,765)**	(3,200)
Tax effect of unused tax losses	**246**	195
	3,950	6,029

6. Interim dividend

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Interim dividend declared, HK$0.022 (2008: HK$0.042) per ordinary share	**7,040**	13,440

On 15 September 2009, the Board have resolved to declare an interim dividend of HK$0.022 (2008: HK$0.042) per share in respect of the six months ended 30 June 2009, to shareholders whose names appear on the register of members of the Company on Friday, 16 October 2009.

7. Earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2009 was based on the profit attributable to the equity shareholders of the Company of approximately HK$31,523,000 (six months ended 30 June 2008: HK$36,437,000) and on the weighted average number of 320,000,000 (2008: 320,000,000) shares in issue during the period.

Diluted earnings per share is equal to basic earnings per share as there were no potential dilutive ordinary shares outstanding for both periods presented.

8. Trade receivables

Customers are usually offered a credit period ranging from 30 days to 90 days. The aging analysis of trade receivables is as follows:

	30 June 2009	31 December 2008
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
0 to 30 days	**17,705**	20,629
31 to 60 days	**4,201**	13,563
61 to 90 days	**1,378**	1,954
Over 90 days	**1,352**	975
	24,636	37,121
Less: Allowance for doubtful debts	**(252)**	(586)
	24,384	36,535

9. Trade and other payables

	30 June 2009 (Unaudited) *HK$'000*	31 December 2008 (Audited) *HK$'000*
Trade payables	**11,227**	6,982
Temporary receipts	**373**	323
Other payables and accruals	**5,388**	4,503
	16,988	11,808

The aging analysis of trade payables is as follows:

	30 June 2009 (Unaudited) *HK$'000*	31 December 2008 (Audited) *HK$'000*
0 to 30 days	**5,975**	5,900
31 to 60 days	**3,135**	963
61 to 90 days	**1,799**	114
Over 90 days	**318**	5
	11,227	6,982

10. Share capital

	Number of shares	**Amount** *HK$'000*
Authorised ordinary shares of HK$0.1 each		
At 1 January 2009 and 30 June 2009	1,000,000,000	100,000
Issued and fully paid ordinary shares of HK$0.1 each		
At 1 January 2009 and 30 June 2009	320,000,000	32,000

INTERIM DIVIDEND

At the board meeting held on 15 September 2009, the Board has resolved to declare an interim dividend of HK$0.022 (2008: HK$0.042) per share, totaling HK$7,040,000 (2008: HK$13,440,000) in respect of the six months ended 30 June 2009 to shareholders whose names appear on the register of members of the Company on Friday, 16 October 2009.

CLOSE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 13 October 2009 to Friday, 16 October 2009, both dates inclusive, during which period no transfer of shares will be registered. To qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with Hong Kong Registrars Limited, the Company's branch share registrar in Hong Kong, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 12 October 2009. The cheques for dividend payment will be sent on about Wednesday, 28 October 2009.

MANAGEMENT DISCUSSION & ANALYSIS

Business Review

The challenges faced last year continued in the beginning of year 2009. The overall electronic components industry appeared a slack and softened demand globally. For the first six months of 2009, turnover for Datronix was $130.9 million, compared to $142.6 million for the first six months in 2008. The profit attributable to equity shareholders for the six months ended 30 June 2009 was $31.5 million, compared to $36.4 million for the same period in 2008. Datronix has continued to generate healthy cash flow for the period ended 30 June 2009.

Many of our competitors experienced sharp declines in revenue and profits as the volatile market segments served rapidly contract. For the first half of 2009, Datronix has enjoyed reduction in cost of production as the slump of copper prices, fewer number of workers and tight control on overhead. Yet, the commodity prices now have been stabilized and rebounded which may aggregate our cost burden in the future. The weakened end market has let us foresee the average price of electronic components declined and lower capacity utilization experienced in North America. The visibility for many industries is vague and uncertainty still exists.

Market Review

Communication and Networking

For the first half of 2009, sales for the communication market was $40.9 million. This market contributed 31% of Group sales.

Data Processing

For the first half of 2009, the data-processing market reported sales of $4.4 million. This market contributed 3% of Group sales.

Industrial Application

The industrial application market reported $36.2 million in sales. This market contributed 28% of Group sales.

High Reliability Segment

Military and Aerospace

The military and aerospace market reported $39.8 million in sales for the first half of 2009. This market contributed 30% of Group sales.

Healthcare

The healthcare market reported $9.6 million in sales for the first six months of 2009. This market contributed 7% of total sales.

Financial Review

The turnover for the six months ended 30 June 2009 was HK$130.9 million, compared to HK$142.6 million for the same period in 2008. The profit attributable to equity shareholders for the six months ended 30 June 2009 was HK$31.5 million, compared to HK$36.4 million for the same period in 2008. The gross profit for the first six months in 2009 was HK$62.9 million, compared to HK$64.9 million for same period in 2008. The gross profit margin held at 48.1%, an increase of 2.6% compared to 45.5% for the first six months of 2008, due to drop in material prices for the past few months. Datronix has continued to generate sufficient cash, with cash flow from operations currently at HK$50.8 million.

Liquidity, Financial Resources and Capital Structure
As at 30 June 2009, the Group had a total equity of approximately HK$422.8 million (31 December 2008: HK$394.5million), and cash and cash equivalents of approximately HK$292.9 million (31 December 2008: HK$246.6 million), which were predominately denominated in Hong Kong dollars.
For the six months ended 30 June 2009, the Group had not arranged for any banking facilities and other resources for financing. With the above cash on hand, the Group has adequate resources to meet its working capital needs in the near future.

The Group has strong financial position. There were no debt and no bank loan for the six months ended 30 June 2009.

Capital expenditure for the period under review amounted to approximately HK$1 million (2008: HK$1.7 million).

The Group had limited exposure to foreign exchange fluctuations as most of its accounts receipts and payments are in US dollars.

Employees and Remuneration Policies
As at 30 June 2009, the Group employed approximately 1,135 personnel around the world, with approximately 100 in Hong Kong, 1,011 in the People's Republic of China and 24 overseas. The Group has a staff education sponsorship program and also provides training courses to staff on operational system, product and technology development, and product safety.

Contingent Liabilities
There was no material contingent liability as at 30 June 2009 (31 December 2008: HK$ Nil).

Capital Commitments
The Group had no material capital commitment as at 30 June 2009 (31 December 2008: HK$Nil).

Looking Ahead
The economy has yet not recovered. Current economic condition has put pressure on demand and pricing in some markets we serve. Datronix is trying the best endeavor to capture more sales regions around the globe and reduce costs. With our increasingly efficient operating platform, financial position and loyal customer relationships, we are well positioned to benefit when demands rebound.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES
Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2009.

AUDIT COMMITTEE
The audit committee has reviewed the unaudited interim results and discussed with the Board the financial reporting process and internal control system of the Group.

CORPORATE GOVERNANCE
The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules throughout the accounting period covered by the interim report, except for the following deviations:
Code Provision A.2.1
Under the provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.
The roles of chairman and chief executive officer of the Company have been performed by Mr. Siu Paul Y.. The Board considered that the non-segregation has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently.
Code Provision A.4.1
The non-executive directors were not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Bye-laws of the Company.
Code Provision A.4.2
Under the provision A.4.2, all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.
In accordance with the Bye-laws of the Company, the chairman of the Company will not be subject to retirement by rotation or be taken into account in determining the number of directors to retire in each year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. All directors have confirmed, following specific enquiry of all directors, that they have fully complied with the required standard set out in the Model Code throughout the period under review.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of Hong Kong Exchange and Clearing Limited ("HKEx") at www.hkex.com.hk and on the Company's website at www.datronixhldgs.com.hk. The interim report of the Company will be dispatched to the shareholders and will be available on the websites of HKEx and the Company in due course.

DIRECTORS

As at the date of this announcement, the Board of the Company comprises Mr. Siu Paul Y. alias Siu Paul Yin Tong (Chairman), Ms. Shui Wai Mei (Vice-Chairman), Mr. Sheung Shing Fai and Ms. Siu Nina Margaret as executive directors, Mr. Chung Pui Lam, Mr. Lam Tak Shing, Harry and Mr. Chan Fai Yue, Leo as independent non-executive directors.

By order of the Board

SIU Paul Y.

Chairman

Hong Kong, 15 September 2009

** For identification purposes only*