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DATRONIX HOLDINGS LIMITED
連達科技控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 889)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

The board of directors (the "Board") of Datronix Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2012 together with comparative figures in 2011 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2012

		Six months ended 30 June	
		2012	2011
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Turnover	3	**133,411**	145,116
Cost of sales		**(88,428)**	(89,277)
Gross profit		**44,983**	55,839
Other revenue	3	**8,021**	2,563
Distribution and selling expenses		**(9,481)**	(9,868)
Administrative expenses		**(24,664)**	(25,757)
Profit before income tax expense	5	**18,859**	22,777
Income tax expense	6	**(189)**	(4,038)
Profit for the period and attributable to owners of the Company		**18,670**	18,739
Other comprehensive income			
Exchange differences on translating foreign operations		**654**	10
Other comprehensive income for the period and attributable to owners of the Company		**654**	10
Total comprehensive income for the year and attributable to owners of the Company		**19,324**	18,749
Earnings per share			
- Basic	8	**HK$0.058**	HK$0.059

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

	Note	**30 June 2012 (Unaudited)** *HK$'000*	31 December 2011 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**139,935**	142,080
Goodwill		**9,486**	-
Payment for leasehold land held for own use under operating leases		**4,329**	4,389
		153,750	146,469
CURRENT ASSETS			
Inventories		**82,701**	91,044
Amount due from ultimate holding company		**40**	40
Amount due from a related company		**15**	15
Tax prepayment		**1,223**	717
Prepayments, deposits and other receivables		**3,617**	2,287
Trade receivables	9	**36,029**	23,801
Cash and cash equivalents		**398,458**	388,082
		522,083	505,986
CURRENT LIABILITIES			
Trade and other payables	10	**24,938**	14,609
Current tax liabilities		**1,118**	993
		26,056	15,602
NET CURRENT ASSETS		**496,027**	490,384
TOTAL ASSETS LESS CURRENT LIABILITIES		**649,777**	636,853
NON-CURRENT LIABILITIES			
Employee benefits		**20,717**	20,717
Deferred tax liabilities		**16,390**	16,390
		37,107	37,107
NET ASSETS		**612,670**	599,746
CAPITAL AND RESERVES			
Issued capital	11	**32,000**	32,000
Reserves		**580,670**	567,746
TOTAL EQUITY		**612,670**	599,746

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 (hereinafter collectively referred to as the "HKFRSs") 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 Group's annual consolidated financial statements for the year ended 31 December 2011 except as described below.

In the current period, the Group has adopted, for the first time, the new/revised Hong Kong Financial Reporting Standards, 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 2011 and which are relevant to its operations. The new/revised HKFRSs adopted by the Group in the unaudited condensed consolidated interim financial statements are set out below:

Amendments to HKFRS 7	Disclosures – Transfer of Financial Assets
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets

The adoption of the new/revised 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 Group has not early adopted the following new/revised HKFRSs that have been issued but not yet effective for the current accounting period.

Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income [1]
HKFRS 9	Financial Instruments [4]
HKFRS 10	Consolidated Financial Statements [2]
HKFRS 12	Disclosure of Interests in Other Entities [2]
HKFRS 13	Fair Value Measurement [2]
HKAS 19 (2011)	Employee Benefits [2]
HKAS 27 (2011)	Separate Financial Statements [2]
HKAS 28 (2011)	Investments in Associates and Joint Ventures [2]
Amendments to HKAS 32 and HKFRS 7	Offsetting Financial Assets and Financial Liabilities [3]
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosure [4]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2013 and 2014, as appropriate
4 Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors so far concluded that the application of these new/revised HKFRSs will have no material impact on the Group's financial statements.

3. Turnover And Other Revenue

a) **Turnover**

Turnover represents the net invoiced value of goods sold.

b) **Other revenue**

	Six months ended 30 June **2012** *HK$'000*	2011 *HK$'000*
Bank interest income	**3,913**	1,585
Income from disposal of scrap materials	**-**	295
Exchange gain, net	**3,603**	532
Sundry income	**505**	151
	8,021	2,563

4. Segment Information

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group is principally engaged in manufacturing and trading electronic components in both Hong Kong and overseas markets. The Group's chief operating decision maker regularly reviews the consolidated financial information to assess the performance. Accordingly, there is only one operating segment for the Group.

Geographical information

The Group comprises the following main geographical segments:

	Revenue from external customers Six months ended 30 June **2012** *HK$'000*	2011 *HK$'000*
Hong Kong (place of domicile)	**626**	826
The United States	**120,256**	129,186
Europe	**3,383**	3,839
Other countries	**9,146**	11,265
	132,785	144,290
	133,411	145,116

5. Profit before income tax expense

Profit before income tax expense is stated after charging the following:

	Six months ended 30 June **2012** *HK$'000*	2011 *HK$'000*
Cost of inventories recognized as expenses	**88,428**	89,277
Amortisation of payment for leasehold land held for own use under operating leases	**59**	57
Depreciation of property, plant and equipment	**3,817**	5,492

6. Income tax expense

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

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Current tax – Hong Kong profits tax		
- provision for the period	**1,641**	1,572
Current tax – Overseas		
- provision for the period	**-**	2,346
- under / (over) provision in respect of prior years	**(1,452)**	120
	189	4,038

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.

7. Interim dividend

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Interim dividend declared, HK$0.014 (2011: HK$0.02) per ordinary share	**4,480**	6,400

On 29 August 2012, the Board has resolved to declare an interim dividend of HK$0.014 (2011: HK$0.02) per share in respect of the six months ended 30 June 2012, to shareholders whose names appear on the register of members of the Company on Wednesday, 3 October 2012.

8. Earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2012 was based on the profit attributable to the owners of the Company of approximately HK$18,670,000 (six months ended 30 June 2011: HK$18,739,000) and on the weighted average number of 320,000,000 (2011: 320,000,000) shares in issue during the period.

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

9. 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 2012	31 December 2011
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Within 30 days	**25,819**	16,796
31 to 60 days	**8,767**	5,416
61 to 90 days	**1,318**	1,192
Over 90 days	**422**	694
	36,326	24,098
Less: Allowance for doubtful debts	**(297)**	(297)
	36,029	23,801

10. Trade and other payables

	30 June 2012 (Unaudited) *HK$'000*	31 December 2011 (Audited) *HK$'000*
Trade payables	**17,558**	7,679
Other payables and accruals	**7,380**	6,930
	24,938	14,609

The aging analysis of trade payables is as follows:

	30 June 2012 (Unaudited) *HK$'000*	31 December 2011 (Audited) *HK$'000*
Within 30 days	**10,826**	5,230
31 to 60 days	**4,537**	1,729
61 to 90 days	**1,820**	573
Over 90 days	**375**	147
	17,558	7,679

11. Share capital

	Number of shares	Amount *HK$'000*
Authorised ordinary shares of HK$0.1 each		
At 1 January 2012 and 30 June 2012	1,000,000,000	100,000
Issued and fully paid ordinary shares of HK$0.1 each		
At 1 January 2012 and 30 June 2012	320,000,000	32,000

12. Acquisition of business

On 9 April 2012, the Group has completed the acquisition of the business of Cal-Coil Magnetcis Inc. and Cal-Coil Magnetics (China) Ltd (collectively referred to as the "acquiree"). The principal activity of the acquiree is manufacturing of magnetics products. The acquisition was made with the aims to expand the Group's existing scale of operation and enlarge the Group's market presence.

The provisional fair value and identifiable assets acquired and liabilities assumed as at the date of acquisition were:

	HK$'000	*HK$'000*
Property, plant and equipment	608	
Inventories	2,233	2,841
The fair value of consideration transfer:		
Cash		12,327
Provisional goodwill arising on acquisition		9,486

As at the date of these financial statements, the Group has not finalized the fair value assessments for intangible assets acquired from the acquisition. The relevant fair values of net assets acquired stated above are on a provisional basis.

Goodwill arose in the acquisition is attributable to the anticipated profitability of the magnetic products in the new market sector. In addition, the consideration paid for the acquisition included amounts in relation to the benefit of expected revenue growth and future market development of the Group. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. The goodwill arising on the acquisition is on provisional basis, subject to the finalization of the valuation of the intangible assets.

Since the acquisition date, the acquired business has contributed HK$4,800,000 and HK$413,000 to Group's revenue and profit for the period ended 30 June 2012. If the acquisition had occurred on 1 January 2012, the Group's revenue and profit would have been HK$138,211,000 and HK$19,083,000 respectively for the first six months of 2012.

The acquisition-related costs of HK$270,000 have been expensed and are included in administrative expenses.

INTERIM DIVIDEND

At the board meeting held on 29 August 2012, the Board has resolved to declare an interim dividend of HK$0.014 (2011: HK$0.02) per share, totaling HK$4,480,000 (2011: HK$6,400,000) in respect of the six months ended 30 June 2012 to shareholders whose names appear on the register of members of the Company on Wednesday, 3 October 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 26 September 2012 to Wednesday, 3 October 2012, 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 Tuesday, 25 September 2012. The cheques for dividend payment will be sent on about Wednesday, 10 October 2012.

MANAGEMENT DISCUSSION & ANALYSIS

Business Review

2012 has been a tough operating environment for the global manufacturing business. Our Group was inevitably affected by the weakened demand for our products. Our turnover reported HK$133 million, a decrease of 8% from comparable period of 2011. Business condition continues to moderate in the North America, which contributes more than 90% of our group's sales, whereas the outlook for business conditions in Europe is expected to deteriorate for the next few months.

In order to broaden our revenue base, on April 9, 2012, we completed the acquisition of business of a California based magnetics company, Cal-Coil Magnetics, Inc and its Hong Kong subsidiary, Cal-Coil Magnetics (China) Ltd. . The consideration of this acquisition was US$1.6 million and funded by existing capital resources. This acquisition attempted to reduce the volatility of our business models and also enhanced our customer base. This vertical integration enables us to generate the synergy effect via the reduction in transportation costs, improvement on supply chain coordination and utilization of administrative cost.

Market Review

Communication and Networking

For the first half of 2012, sales for the communication market was HK$49.6 million, a decrease of 9% from same period of 2011. This market contributes 37% of Group sales.

Data Processing

For the first half of 2012, the data-processing market reported sales of HK$8.2 million, a decrease of 3%. This market contributed 6% of Group sales.

Industrial Application

The industrial application market reported HK$46.9 million in sales, compared to HK$43.0 million, an increase of 8% for the comparable period in 2011. This market contributed 35% of Group sales.

High Reliability Segment

This segment demands precise technology, advance technical know-how and good workmanship by the Group. This segment reported $28.7 million for the first half in 2012 and contributes 22% of Group sales.

Financial Review

For the six months period ended 30 June 2012, Group sales reported HK$$133.4 million, a decrease of HK$11.7 million, compared to same period of 2011. Our gross profit was HK$45.0 million, compared to HK$55.8 million for the first half of 2011. Gross margin dropped from 38% to 34% as a result from our fixed overhead expenses. Our operating profit was decreased when compared to same period of 2011.

Profit before tax of first half of 2012 decreased from HK$22.8 million to HK$18.9 million when compared to same period of 2011. The net profit reported remained flat at approximately HK$18.7 million for the six months period ended 30 June 2012, which is mainly due to the significant increase in other revenue and the reversal of over tax provision in respect of prior years.

The Group maintained a healthy financial position with sufficient cash and no debt instrument was issued.

Liquidity, Financial Resources and Capital Structure
As at 30 June 2012, the Group had a total equity of approximately HK$612.7 million (31 December 2011: HK$599.7 million), and cash and cash equivalents of approximately HK$398.5 million (31 December 2011: HK$388.1 million), which were predominately denominated in US dollars and Renminbi.

For the six months ended 30 June 2012, 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.

Capital expenditure for the period under review amounted to approximately HK$1.7 million (six months ended 30 June 2011: HK$2.2 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 2012, the Group employed approximately 988 personnel around the world, with approximately 134 in Hong Kong, 834 in the People's Republic of China and 20 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.

Capital Commitments
The Group's capital commitment outstanding at the period end, contracted but not provided for in the financial statements in respect of property, plant and equipment is approximately HK$0.1 million (31 December 2011: HK$0.3 million).

Contingent Liabilities
The Group did not have any material contingent liability as at 30 June 2012 (31 December 2011: Nil).

Looking Ahead
We believe our focus on technology and other strategic investments, both internal and external, provides us opportunities for future growth in sales and operating profit. However, unfavorable economic and market conditions, as well as customer preferences, may result in a reduction in demand for our products, thus negatively impacting our financial performance. Yet, the emphases on cost reduction programs enable our management to focus on our core businesses and to improve our overall long-term financial performance. And our Group remains committed to deliver improved efficiency, quality and reliability in every area of our operations.

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 2012.

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 ("the Code") 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. (Chairman), Ms. Shui Wai Mei (Vice-Chairman) and Mr. Sheung Shing Fai as executive directors, Mr. Chung Pui Lam, Mr. Chan Fai Yue, Leo and Mr. Lee Kit Wah as independent non-executive directors.

By order of the Board

SIU Paul Y.

Chairman

Hong Kong, 29 August 2012

** For identification purposes only*